



INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

WEAK



Internal Audit Review 2008/09 Private Hire and Hackney Carriage Licensing

Oxford City Council

Revised final - 7 November 2008

AUDIT –This report is confidential and its circulation and use are restricted. See notice on page 1.

Contents

1. Executive summary	2
Appendices	
A: Recommendations	6
B: Driver Application Process	15
C: Vehicle Application Process	16
D: Enforcement Process	17
E: Testing the operation of controls	18
F: Compliance with good practice guidance	19
G: Summary of work completed and risks reviewed	21

Report status		Distribution for action	Distribution for information
Date of Debrief	20 August 2008	Graham Smith – Transport and Parking Manager	Tim Sadler – Director – City Services
Draft report issued	29 August 2008	Tony Payne – Support, Development and Licensing Manager	John Copley – Head of Service – Environmental Health
Management responses received	8 September 2008 and 6 November 2008	Phillip Pirouet – Senior Taxi Licensing Officer	Penny Gardner/Sarah Fogden – Head of Finance
Final report issued	8 September 2008 and 7 November 2008	Jill Cramer - Senior Taxi Licensing Officer	
Presented to Audit and Governance Committee	23 September 2008 and 25 November 2008		

This report is provided pursuant to the terms of the contract with Oxford City Council. The report is intended solely for internal purposes by the management and Members of Oxford City Council and should not be used by or distributed to others, under the Freedom of Information Act 2000 or otherwise, without our prior written consent. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

1. Executive summary

Conclusion

As internal auditors to Oxford City Council (“the Authority”) we are required to provide an annual overview of the system of internal control. In arriving at this overview, we provide a conclusion on the individual systems reviewed during the year. Our conclusion is either that the system is good, satisfactory, weak or unacceptable. However, in giving our conclusion, it should be acknowledged that our work is designed to enable us to form an opinion on the quality of the systems examined based upon the work undertaken during our current review. It should not be relied upon to disclose all weaknesses that may exist and therefore the conclusion is not a guarantee that all aspects of the systems reviewed are adequate and effective.

From the work performed on private hire and hackney carriage taxi licensing, we consider there is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance. As a consequence we have graded the area as weak.

We arrived at our conclusion by assessing the controls in relation to issuing new licences and renewals and the reinforcement of licence conditions. We believe that the controls are not adequately designed to mitigate the key risks. In particular, there are limited controls over the physical issue of vehicle plates and driver badges, and there are no key performance indicators or service plan. There is limited segregation of duties around issuing of licences and the enforcement process due to the size of the team. Our findings have highlighted that it would be possible to issue a vehicle plate and driver badge and bypass the controls of the licensing system LalPac.

We have made ten recommendations that will address the identified weaknesses. The implementation of these recommendations should enhance the control environment in relation to the system reviewed and provide an increased level of assurance to the Authority and management from the date of implementation.

Context

As part of internal audit’s review of the general control environment within Oxford City Council (“the Authority”) a review of the Private Hire and Hackney Carriage Taxi licensing was undertaken. This was completed as part of the internal audit plan for 2008/09. The objective of the audit was to assess the adequacy and effectiveness of the controls in place over the approval and review of licences which ensure compliance with documented procedures.

In 2008/09 the Authority has budgeted to receive £216k in income in respect of licensing and testing of Hackney Carriages and Private Hire Licences. We understand from the Senior Taxi Licensing Officer that the Council has decided that the service is self financing with the income generated from activities expended upon the provision of the service.

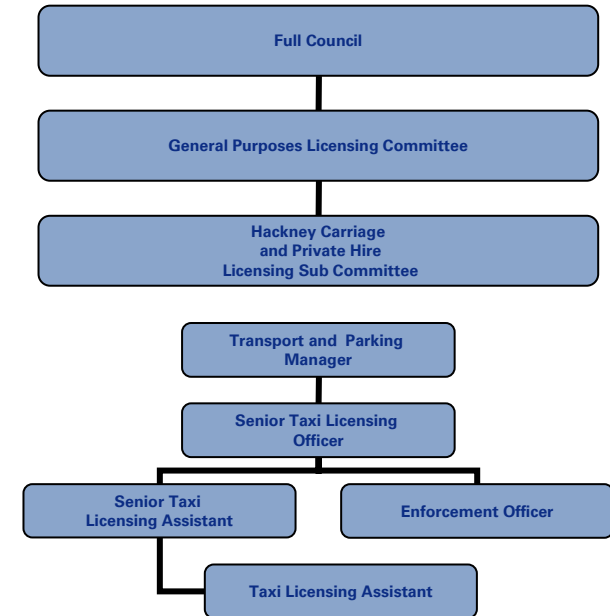
1. Executive summary

The licensing service processes are currently carried out by a team of 4 which includes a Senior Taxi Licensing Officer (part time), Senior Taxi Licensing Assistant, an Enforcement Officer and a general Taxi Licensing Assistant. The team reports to the Transport and Parking Business Manager, who at the time of the audit was on long term leave.. The two senior officers within the team are members of the National Association of Taxi and Private Hire Licensing and Enforcement Officers (NATPHLEO). We understand The management of taxi licensing, is currently being transferred to the Environmental Development department.

The General Purposes Licensing Committee has delegated authority to review policy and set and review licence fees. This Committee has delegated the authority to the Hackney Carriage and Private Hire Licensing Sub Committee for the withdrawal and suspension of licenses (vehicle, driver and operator). Some of the powers of the Hackney Carriage and Private Hire Licensing Sub Committee have been delegated to the Senior Taxi Licensing Officer.

At the time of the audit the team was responsible for managing the applications and enforcement of 107 Hackney Carriage vehicles, 401 private hire vehicles. They also managed 472 Private Hire and 318 Hackney Carriage driver licence holders. There are 14 private hire operators within the city, and two of these manage the majority of private hire vehicles.

In addition, there are approximately 7 known rickshaws operating in the city centre. Currently the guidance on rickshaws, their use and subsequent licensing is vague. The Council has sought legal advice in relation to the use of rickshaws and as a consequence has developed a code of conduct. However, we understand from the licensing team that this may not be enforceable. We have therefore not reviewed this specific area as part of this audit.



Acknowledgement

We would like to take this opportunity to thank all members of staff whom we contacted over the course of this review for their time and assistance.

1. Executive summary

This section of the report highlights the main findings of our review. Details on areas for further development is included in the 'recommendations' appendix of the report which can be found on pages 7 to 15. In appendices B-D, we have documented the overall processes in place relating to the issue of vehicle and driver licences and the enforcement process, this also details a high level assessment of controls in each of these area.

Areas of good practice	Areas for further development
<p>Our review identified the following areas of good practice in respect of the Authority's Hackney Carriage and Private Hire Licensing arrangements:</p> <ul style="list-style-type: none">✓ The application process is staged such that the application has to be successful at each stage before it can proceed.✓ An annual review ensures that drivers and vehicle checks are carried out regularly.✓ Monthly reports are generated from the system on Insurance, MOT and Criminal Records Bureau on vehicles and drivers that are near to expiry.✓ The Enforcement Officer spends 2 days per week carrying out physical inspections such as street checking validity of vehicles and drivers.✓ Cases are presented to the sub committee to revoke licences where licence conditions are not being met.✓ Monthly budget updates are received and reviewed.✓ Overall good practice as per the NATPHLEO has been adopted (see Appendix F.	<p>Our work has also identified the following key areas where controls could be further strengthened. These include:</p> <ul style="list-style-type: none">• Performance Management – A service plan with key performance indicators has not been developed for the service, as a consequence the direction of the service and its performance in relation to the issue of licences and their enforcement is not monitored by management.• Issue of Vehicle Plate and Drivers Badge – Currently both the vehicle licence plate and drivers badge could be issued to an unlicensed vehicle or driver due to the lack of controls within the current system. In order to improve controls a system upgrade is required. In addition, the controls over the physical fitting of Plates to vehicles and the return of Plates and Badges within the annual renewal and licence suspension process are weak.• Enforcement –there is no documented plan in place which details the extent of proactive enforcement activity and the activity and outcomes arising from current proactive enforcement are not formally reported to management. Due to the size of the team, assistance is required from other departments to carry out one off exercises.• Segregation of Duties – Due to the size of the team there is limited segregation of duties in the licensing process. Segregation would be significantly improved if the licensing team ensured separate officers completed assessment tests for drivers, and City Works updated the Licensing system for Hackney Carriage MOT validations.

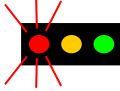


A summary of the results of our compliance testing are detailed in appendix E.

Conclusion

The controls within the Car Parking Systems are not adequately designed.

1. Executive summary

We have assessed each finding in our report and assigned to it a rating, as follows:

Priority rating for recommendations raised		
	<p><i>Priority One:</i> Issues arising referring to important matters that are fundamental to the system of internal control. We believe that the matters observed might cause a business objective not to be met or leave a risk unmitigated and need to be addressed as a matter of urgency</p>	
	<p><i>Priority Two:</i> Issues arising referring mainly to matters that have an important effect on controls but do not require immediate action. A business objective may still be met in full or in part or a risk adequately mitigated but the weakness represents a significant deficiency in the system.</p>	
		<p><i>Priority Three:</i> Issues arising that would, if corrected, improve internal control in general but are not vital to the overall system of internal control.</p>

The table below details the number of recommendations made, the priority assigned and those accepted by management.

Recommendations	Priority One	Priority Two	Priority Three	Total
Made	3	4	3	10
Accepted	3	4	3	10

Appendix A: Recommendations

This Appendix summarises in the form of recommendations the issues arising from this review which we believe require action.

#	Priority	Issue	Risk	Recommendation	Management Response
Service Plan					
1	•Three	<p>Discussions with the Senior Taxi Licensing Officer identified that a service plan has not been developed for the Taxi Licensing Team by the overall Manager or the previous Director which detailed the teams overall aims and objectives, and actions for the forthcoming year.</p> <p>In addition, key performance indicators for the team have not been identified and as a consequence performance is not clearly identifiable.</p> <p>The following performance areas could be monitored and reported upon.</p> <ul style="list-style-type: none"> • Number of licenses issued; • Timeliness of issue of licenses; • Numbers and types of enforcement activity, and outcomes; • Number of suspended licenses; • Number of referrals to the Hackney Carriage and Private Hire Sub Committee; • Quality of service received; • Number of complaints received and type; • Timeliness of response to complaints; • Quality of complaint outcome. 	<p>It is unclear whether the taxi licensing service represents good value for money, is responsive to customer needs and how it aligns to the Council's aims and objectives.</p>	<p>A formal service plan should be developed for the Taxi Licensing operations of the Authority. Such a plan should detail aims and objectives with SMART (Specific, Measurable, Achievable, Resourced, Time-bound) targets and responsible officers.</p> <p>In addition, performance measures and key performance indicators should be developed and reported upon on a regular basis.</p>	<p>A Taxi Licensing Service Plan will be developed and include detailed aims, objectives, targets and performance indicators. The Service Plan will be taken to General Purposes Licensing Committee for approval and to agree a programme for reporting activity to the committee. A similar approach is included in the Council's Statement of Licensing Policy and activities reported to Committee at quarters 2 and 4.</p> <p>John Copley - Head of Service – Environmental Health</p> <p>Tony Payne – Support, Development and Licensing Manager</p> <p>Service Plan for 2009/10 to be taken to General Purposes Licensing Committee for approval.</p>

Appendix A: Recommendations

#	Priority	Issue	Risk	Recommendation	Management Response
Proactive Enforcement Activity					
2	Two	<p>At present there is no documented plan in place which details the extent of proactive enforcement activity which is to be carried out by the Enforcement Officer.</p> <p>We understand that the following activities take place:</p> <ul style="list-style-type: none"> • activity relating to on-street enforcement is carried out most weeks; • regular visits to operators with evidenced checks on operating conditions are not carried out; • there is some targeting in relation to plying for hire campaigns, however the rationale, extent and frequency is not documented; and • a public awareness campaign was held 18 months ago, however, there are no plans in place to repeat the exercise in the near future. <p>We understand that the activities of the Enforcement Officer and outcomes are not formally monitored and reviewed by management, with details reported to the Private Hire and Taxi Licensing Sub Committee.</p>	<p>The Authority may not be able to easily evidence how it discharges its responsibilities in relation to taxi licensing enforcement.</p>	<p>An enforcement activity plan should be established. This should be reviewed and updated each year to take into account changing circumstances and risks to the Authority.</p> <p>Once the plan is developed, the work of the Enforcement Officer should be reviewed and monitored by management.</p> <p>The outcomes of specific activities in terms of their success and any required follow up action should be reported to the Private Hire and Taxi Licensing Sub Committee.</p>	<p>An Enforcement Activity Plan will be included in the Service Plan. Management will explore the potential for improved enforcement across the range of licensing activities (including Taxi Licensing) with the formation of Environmental Development.</p> <p>Note: It should be appreciated that any targets must be flexible enough to allow for the very wide variance of circumstances throughout the year and other call upon the police etc.</p> <p>Tony Payne – Support, Development and Licensing Manager</p> <p>Plan for 2009/10 to be taken to General Purposes Licensing Committee for approval.</p>

Appendix A: Recommendations

#	Priority	Issue	Risk	Recommendation	Management Response
		Issue of Vehicle Licensing Plates			
3	● One	<p>To provide evidence that a vehicle has been approved as an authorised taxi, a vehicle plate (MOGO) and identification stickers are issued by the Authority for display on each vehicle. The plate and stickers act as a visible sign providing assurance as to validity and safety of each vehicle. Each plate details the vehicle make, colour, registration and licence expiry date, and plate number. The plate number is controlled within the licensing team.</p> <p>The current system for generating the vehicle plate and stickers is outside of the general licensing system LalPac, and is not controlled in terms of matching the issue of plate numbers to approved vehicle licences, or fees received. As a consequence, the generation of plates and stickers could occur where a formal licence has not been granted.</p> <p>At the time of the audit the Senior Taxi Licensing Officer was aware of the lack of control over the physical issue of the plates.</p> <p>We understand that it would be possible to produce plates from the LalPac system, however, this would require a system upgrade, the costs of which are unknown to the Taxi Licensing Team.</p> <p>In addition, it was identified through discussion that there is no control over the physical fitting of plates licensed vehicles.</p>	<p>A plate could be issued to an unlicensed vehicle owner.</p> <p>An unapproved vehicle may be operating which could present a risk to public safety.</p>	<p>The Authority should identify the costs involved in upgrading the current LalPac system to enable the direct production of vehicle plates.</p> <p>If it is decided that the upgrade of the system is not financially viable, alternative controls for the issue of plates and stickers should be developed, for example:</p> <ul style="list-style-type: none"> • Unique sequential referencing of plates and stickers issued, with the Lalpac System updated with unique reference; • Control lists of plates and stickers issued by unique sequential reference; • Physical inventory controls over plates and stickers including periodic checks of stock against issues; and • Reconciliation of the actual number of plates issued to fee income received. <p>The Authority should ensure that it physically fits vehicle plates and to all licensed vehicles.</p>	<p>Agreed. The possibility of a further upgrade for the LalPac system is being explored together with costs. Awaiting reply from LalPac.</p> <p>Tony Payne – Support, Development and Licensing Manager April 2009</p>

Appendix A: Recommendations

#	Priority	Issue	Risk	Recommendation	Management Response
Drivers Badges					
4	●One	<p>The driver's badge is an immediately visible sign that provides some assurance to passengers that drivers have been approved by the Authority. The issue of the badge and the driver licence document evidences that relevant checks, for example, DVLA and the Criminal Records Bureau have been carried out.</p> <p>The general licensing system, LalPac, is able to print drivers badges, linking the issue of the badge to the issue of the licence. However, we understand that the Authority does not utilise this system for printing badges as it does not feel it should disclose the drivers full name on each badge.</p> <p>We believe that the display of the drivers full name will not raise any significant risk to the driver.</p> <p>The printing of badges outside the LalPac system, has identified control weaknesses as there is no reconciliation of issued badges to issued drivers' licences and fees received. In addition, the generation of badges could occur when a licence has not been granted.</p>	<p>A badge could be issued to an unlicensed driver.</p> <p>An unapproved vehicle may be operating which could present a risk to public safety.</p>	<p>The drivers badge should be printed from the LalPac system to minimise control weaknesses.</p> <p>If it is decided that the printing of badges should continue outside the LalPac system, alternative controls for the issue of badges should be developed, for example:</p> <ul style="list-style-type: none"> • Unique sequential referencing of badges issued, with the Lalpac System updated with unique reference; • Control Lists of badges issued by unique sequential reference; and • Reconciliation of number of badges issued to fee income received. 	<p>Agreed.</p> <p>It will be possible to print the badges through the LaPac system once the upgrade is in place.</p> <p>Tony Payne – Support, Development and Licensing Manager</p> <p>April 2009</p>

Appendix A: Recommendations

#	Priority	Issue	Risk	Recommendation	Management Response
		Return of Vehicle Licence Plate			
		<p>A vehicle licence is subject to an annual renewal, with a new licence plate issued each year.</p> <p>At present, vehicles owners are required to return the previous years vehicle plate when a renewal takes place. In addition, the plates are required to be returned when a vehicle licence has expired or has been suspended. For all three instances, renewal, expiry, and suspension the onus is upon the vehicle owner to return the licence plate to the licensing team at Ramsey House. The issue of a new licence plate under a renewal is subject to receipt of the required licence fee and is currently not linked to the return of prior years licence plate.</p>	<p>An unapproved vehicle may be operating with a prior year or suspended licence plate which may present a risk to public safety.</p>	<p>The taxi licensing team should keep a log sheet at reception relating to expected returns of licence plates. This should be updated by reception for returns received.</p> <p>The licensing team should regularly monitor returns and issue reminders to vehicle owners whose expired/suspended plates have not been received.</p> <p>The Authority should only renew a vehicle licence and issue a new plate upon receipt of the prior year plate and the current years fee.</p>	<p>Agreed. The previous procedure for ensuring the return of licence plates can be reinstated now that the reception area is fully staffed by permanent employees.</p> <p>Phillip Pirouet – Senior Taxi Licensing Officer Jill Cramer - Senior Taxi Licensing Officer</p> <p>December 2008</p>
5	●One	<p>Our testing identified one case (out of one) where a licence had been suspended and nine cases (out of ten) where licences had been renewed. However, the plates were not returned on or near the date of suspension. Of these ten there is no evidence of nine plates being returned at all.</p> <p>Old licence plates are returned to the reception at Ramsey House. However, there is no formal monitoring mechanism over those licence plates returned against those which should be returned.</p> <p>We understand from taxi licensing officers that within the industry there is an element of self regulation, which may highlight use of out of date plates. For example, if a vehicle had a prior year plate the industry would report this to the Authority. This would serve to identify unauthorised use, rather than stop the unauthorised use.</p>			

Appendix A: Recommendations

#	Priority	Issue	Risk	Recommendation	Management Response
Enforcement Checks					
6	•Three	<p>Due to the current licensing system, timing differences may occur in the expiry dates of key areas of validation and the expiry of actual vehicle and drivers licences. For example, the expiry of vehicle insurance, vehicle MOT, driver CRB checks and driver medical checks may not necessarily fall at the same time a vehicle or drivers licence is to be renewed.</p> <p>As a consequence a monthly check on those areas which are due to expire over the next 4 weeks is carried out within the taxi licensing team with reminders issued to vehicle and licence owners, requesting revised documents to be submitted. The letters are printed direct from the LalPac system.</p> <p>If vehicle and licence owners fail to produce documents, their licences are suspended.</p> <p>As this check is completed only once a month, there is a risk that notifications are not issued on a timely basis to those individuals whose expiries occur within the first half of the month in question. In addition, it is acknowledged that in the instance of CRB checks, these take longer than a month to be validated.</p>	<p>Vehicle and driving licence owners may not have adequate time to make arrangements to fulfil their obligations.</p>	<p>The timing of issue of reminder letters should be reviewed against the time it takes to complete a validation, for example, CRB and medical reminders should be issued at least two months prior to expiry.</p> <p>The issue of letters should take place on a weekly basis to ensure that all vehicle and driving licence owners have adequate time to respond to reminders without their licences being suspended.</p>	<p>Agreed. Letters are now sent out 2 months in advance to give licence holders sufficient time to respond.</p> <p>Phillip Pirouet – Senior Taxi Licensing Officer Jill Cramer - Senior Taxi Licensing Officer</p> <p>October 2008</p>

Appendix A: Recommendations

#	Priority	Issue	Risk	Recommendation	Management Response
		<p>System Exception Reports</p> <p>An important control over the accuracy of data is the use of exception reports which can be reviewed by management to assess breaches of pre set criteria. The reporting tools available with the current version of LalPac are not considered to be effective by the Senior Taxi Licensing Officer. A system upgrade for LalPac is currently overdue.</p>			
7	●Two	<p>Given the quantitative nature of some parts of the requirements of the licensing process, it is felt that developing these reports would provide management with additional comfort that licences issued have been approved in accordance with policy. Such reports could include those which highlight any licenses issued where the applicant driving licence exceeds a specific number of penalty points, or licenses issued outside agreed timetables.</p>	<p>Management controls may not be effective.</p>	<p>The current version of the LalPac software should be upgraded to a version with more functionality for exception reporting.</p> <p>Management should decide on those exception reports it considers to be key and should produce and review them on a monthly basis to ensure that licenses are not issued to any person or vehicle that breaches key criteria of the delegated powers.</p> <p>This may include the number of penalty points on the license, overdue licenses, and licenses which have not been processed within prescribed timescales.</p>	<p>Agreed. A recent upgrade has been applied to the Lalpac system. Individual records show actions taken.</p> <p>Lalpac does not currently have the capability of creating exception reports as no other users have asked for this facility. This will be explored with software supplier.</p> <p>Tony Payne – Support, Development and Licensing Manager.</p> <p>April 2009</p>
		<p>Application checks</p> <p>A review of the checks carried out on driver applications identified the following:</p> <ul style="list-style-type: none"> • At present, CRB checks are completed once every 3 years (which is in accordance with good practice), where as DVLA checks are completed annually. As a consequence any driving offence would be picked up on a regular basis by the taxi licensing team, however a criminal offence would not be. • There is no fixed criteria for acceptable proof of residence when a new driver application is made. As a consequence, more informal proof of residence such as a mobile phone bill may be accepted, rather than more formal evidence such as utility bills or bank statements. 	<p>Checks on driver applications may not be deemed to be robust in some circumstances.</p>	<p>The Authority should consider completing CRB checks on an annual basis along with DVLA checks and should consider only accepting more formal proofs of residence.</p>	<p>Nationally agreed best practice is for CRB checks every 3 years. There are resource implications for annual checks and additional costs would have to be covered by licence holders by way of a fee increase. This will be explored further in the service plan which will be taken to General Purposes Licensing Committee.</p> <p>Tony Payne – Support, Development and Licensing Manager</p>
8	●Three				

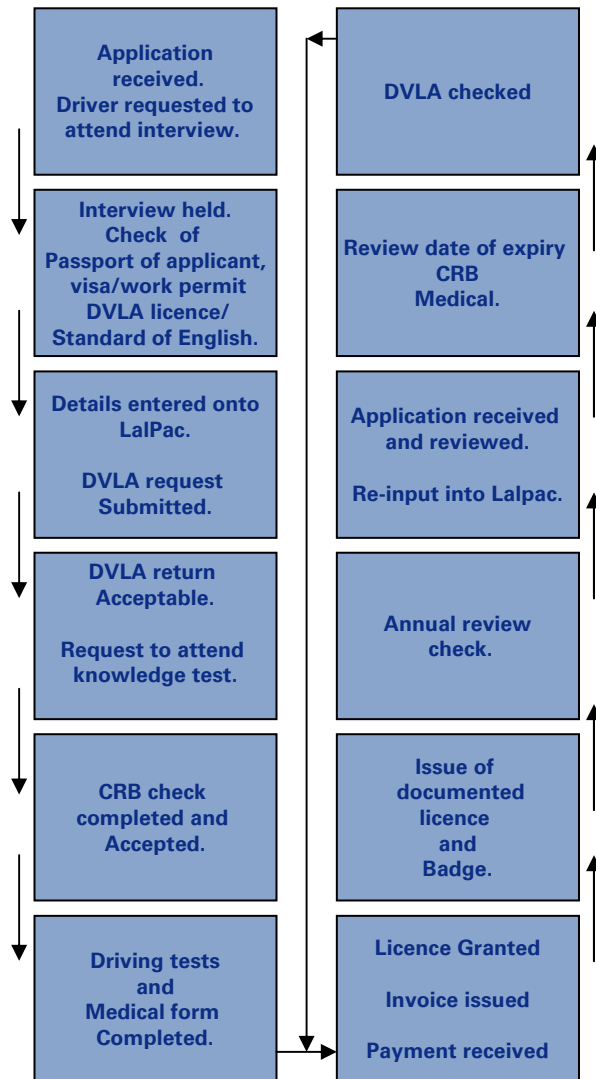
Appendix A: Recommendations

#	Priority	Issue	Risk	Recommendation	Management Response
9	●Two	<p>Segregation of duties</p> <p>The process for obtaining a licence requires the applicant to 'fulfil' certain criteria and pass a number of tests.</p> <p>Some of these tests are performed by the taxi licensing team with limited segregation of duties, for example, Standard of English Test and Knowledge Test are carried out within the team, and by officers who approve the overall application.</p> <p>The award of Certificates of Compliance is carried out at City Works. However, at present, the current system requires staff in the licensing team to update the LalPac system with test results, rather than City Works staff, once again limiting the segregation of duties.</p> <p>Segregation of duties would be significantly improved if the licensing team ensured separate officers completed assessment tests and City Works were able to independently update the licensing system LalPac with their own findings/testing results.</p>	<p>The weakening of segregation of duties may lead to licenses being issued inappropriately.</p>	<p>A review of duties within the licensing team should take place to ensure that there is adequate segregation of duties in approving each stage of an application. Due to the size of the team, consideration should be made to having support from other teams within the Authority to assist in some specific tests.</p> <p>All centres that run tests which contribute to applicants obtaining a license should be connected to LalPac. This will enable them to update the licensing system without requiring the licensing team to do this task on their behalf.</p>	<p>Agreed. Procedures will be reviewed to include checks before licences can be issued.</p> <p>Note: Lean staffing makes complete segregation of duties impossible to achieve.</p> <p>The cost of providing LalPac to test centres is prohibitive as it is Approx. £15,000.</p> <p>Phillip Pirouet – Senior Taxi Licensing Officer Jill Cramer - Senior Taxi Licensing Officer)</p> <p>December 2009</p>

Appendix A: Recommendations

#	Priority	Issue	Risk	Recommendation	Management Response
Enforcement Service Level Agreements					
10	Two	<p>It is against the taxi licensing regulations for private hire vehicles to ply for hire, ie. be flagged down on the street and accept trade. Private hire vehicles are only allowed to accept trade through pre bookings.</p> <p>On occasions during the year proactive enforcement activity takes place in the form of night exercises whereby the Authority attempts to identify private hire vehicles plying for trade, and as such contravening regulations.</p> <p>Due to there only being four members of the taxi licensing team (all who have been in post for a number of years), assistance is required from unrecognisable officers outside the team, to conduct such exercises.</p> <p>Discussions with the licensing team identified that the exercises which have taken place have been beneficial with traders caught not complying with the regulations. However, due to the time involved in such exercises and it's follow up work, other departments within the Authority have not been proactive to assist the team in such exercises.</p> <p>There currently is no formal SLA held with other departments for arrangements to borrow staff and recompense them for their assistance in these enforcement activities.</p>	<p>Enforcement activity may not be conducted effectively in the future, thus, increasing risks of public safety.</p>	<p>A formal SLA should be developed with other departments within Authority to enable the licensing team to borrow staff to assist in enforcement activities.</p> <p>The SLA should include arrangements to recompense departments for use of staff as well as for individuals in respect of working unsociable hours.</p>	<p>Agreed. SLAs will be explored with other departments but officers consider that a better arrangement would be to engage individual members of staff (with their line managers permission) to assist in these proactive enforcement checks</p> <p>Tony Payne – Support, Development and Licensing Manager April 2009</p>

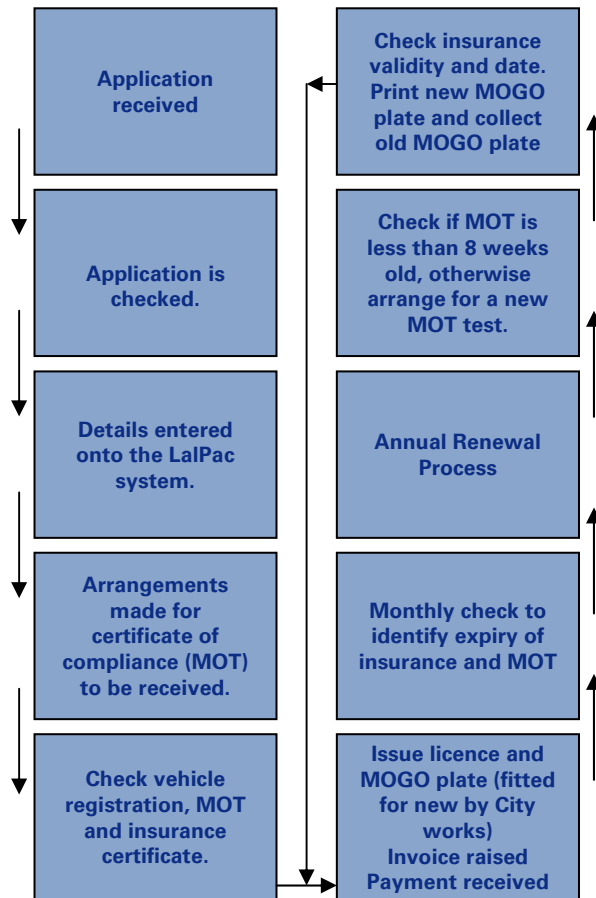
Appendix B: Driver Application process



We have documented opposite the process relating to the issue of driver licences which is carried out in the licensing team, and have detailed below a high level assessment of the control environment:

- ✓ Identification is checked at interview with signatures used as a cross check for further stages within the process.
- ✓ The application process is staged such that the application has to be successful at criteria stages before it can proceed to the next.
- ✓ CRB checks are requested directly by the in-house team which has improved the timeliness and control over the results received.
- ✓ Drivers need at least 2 years post licence experience to qualify for a licence.
- ✓ An annual review ensures up to date information is held, in particular in relation to driving convictions.
- ✓ The documented licence is printed from the LalPac system which keeps a record of the licence and the member of staff who printed the licence.
- ✓ The Licence Badge has an expiry date which helps passengers to identify that a driver is currently approved by the Authority.
- ✗ Physical badge printing takes place outside of the LalPac system.
- ✗ The number of badges issued is not reconciled to income received.
- ✗ There is limited segregation of duties throughout the application process, with only one person in attendance at interview and knowledge test.
- ✗ There is no set criteria in terms of acceptable proof of residence.
- ✗ CRB checks are completed once in every 3 years, which is inconsistent to DVLA checks.
- ✗ Performance indicators have not been set to identify effectiveness of service delivery.

Appendix C: Vehicle Application process

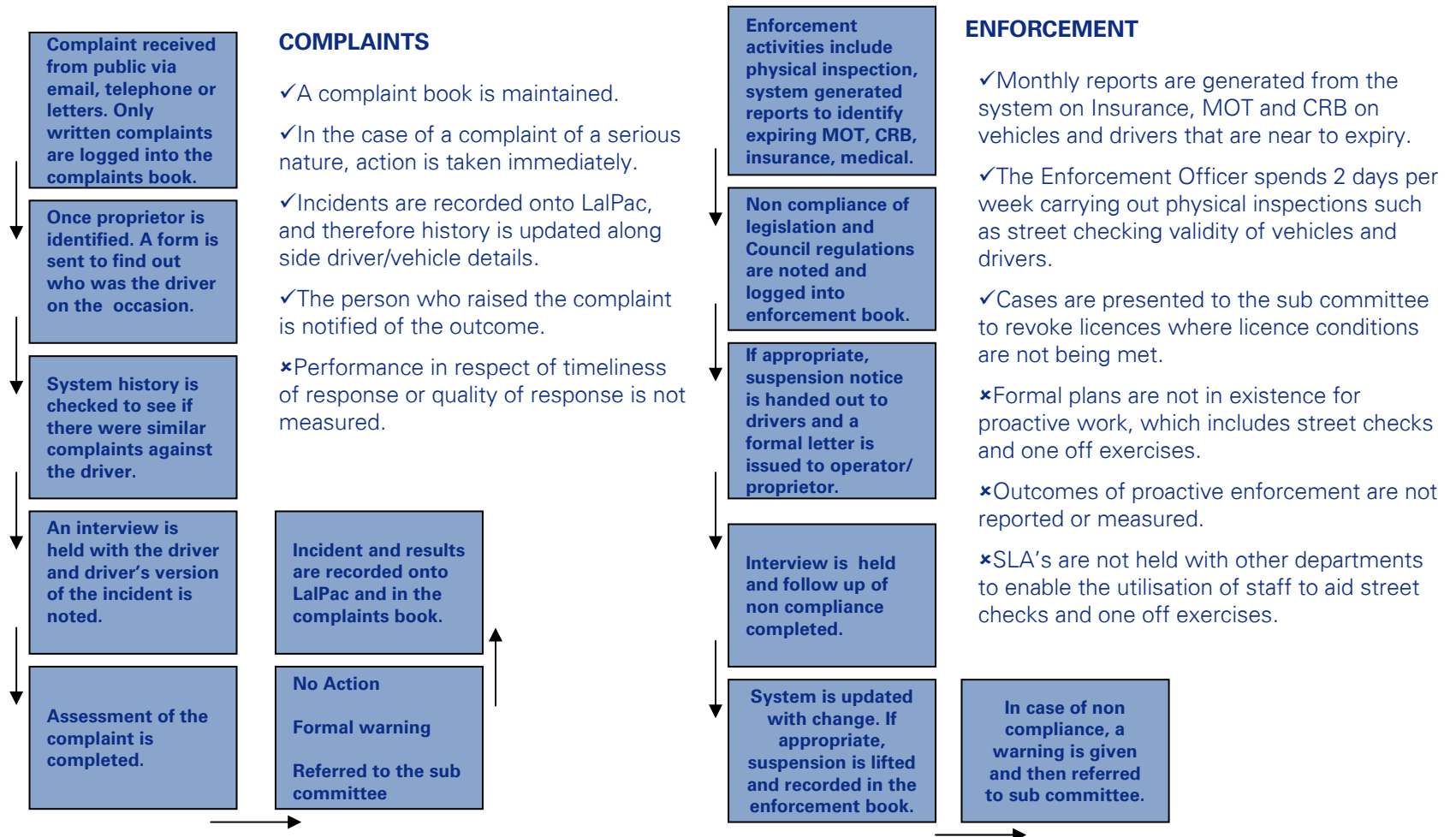


We have documented opposite the process relating to the issue of vehicle licences which is carried out in the licensing team, and have detailed below a high level assessment of the control environment:

- ✓The vehicle registration is checked to confirm ownership of the vehicle and that the vehicle is less than 6 years old.
- ✓A monthly insurance and MOT review is generated by the LalPac system to highlight those applications nearing expiry.
- ✓The Authority ensures that the MOT is not more than 8 weeks old at approval stage.
- ✓The MOT test for Hackey Carriage vehicles are completed independently by City Works.
- ✓The application process is staged such that the application has to be successful at criteria stages before it can proceed to the next.
- ✗There is limited segregation of duties throughout the application process.
- ✗City Works do not directly update the LalPac system for Hackney Carriage MOT's.
- ✗There are limited controls over the printing and issue of vehicle plates.
- ✗The number of plates issued is not reconciled to income received.
- ✗The Authority does not control the fitting of plates and stickers to Private Hire taxi's.
- ✗Performance indicators have not been set to identify effectiveness of service delivery.

Appendix D: Enforcement process

The enforcement process can be categorised into two areas, complaints and proactive enforcement. We have documented below the process relating to these activities, and detailed a high level assessment of the control environment:



Appendix E: Testing the operation of controls

Taxi licensing

We tested a sample of new and renewed drivers licences and new and renewed vehicle licences to assess if taxi licensing procedures were followed and income due collected. The sample included both Private Hire and Hackney Carriage. We also reviewed complaints and enforcement activity.

Testing of taxi licensing controls

The following criteria was adopted:

A Was appropriate action taken for breaches of licence conditions / complaints?

B Have Hackney Carriage and Private Hire Drivers (new applicants) met Council requirements?

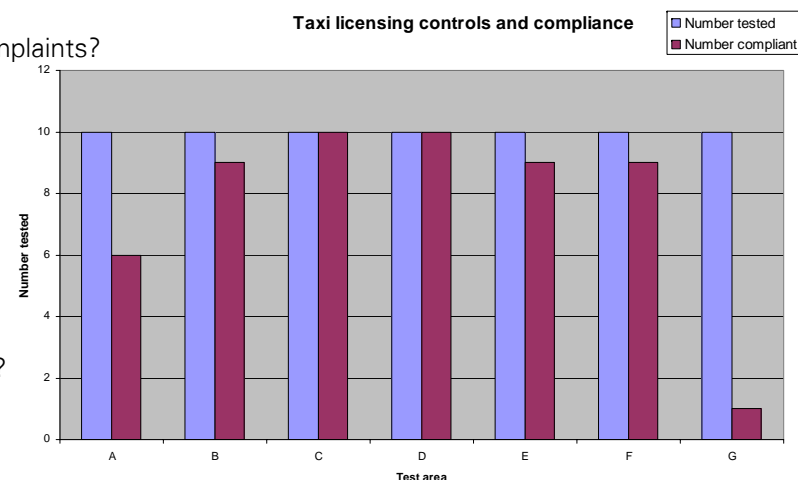
C Have Hackney Carriage and Private Hire Drivers (renewal applicants) met Council requirements?

D Was income received before licences were issued?

E Did new vehicles (Hackney carriage and Private Hire) meet Council requirements?

F Have appropriate checks (MOT/Insurance) been undertaken on renewed vehicles?

G Have all licence plates been returned in relation to renewed vehicles?



Key findings

- A complaint was not recorded on the LalPac system, although it appeared in the complaints book and had been investigated (A).
- One driver interview had not taken place although he held 9 penalty points on his licence (A).
- Two vehicle plates were not returned on or near to the date of vehicle suspension (in excess of 8 week delay) (A).
- DVLA check was not evidenced for one new driver (B).
- Evidence of vehicle age was not obtained within the application process for one new vehicle (E).
- One vehicle application renewal was not signed by the applicant (F).
- Vehicle plates were not evidenced as returned for 9 of the 10 renewals tested (G).

Conclusion

The controls in place are only partially effective.

Appendix F: Comparison with Good practice

We have reviewed the procedures adopted by the Authority, and compared these to the National Association of Taxi and Private Hire Licensing and Enforcement Officers (NATPHLEO) good practice guide. Our findings are based on discussion with staff and some corroboration as part of our work.

Areas covered in the good practice guide	OCC's current position as at July 2008
Policies appertaining to licensing have been approved and minuted by the Authority. To include convictions (limitations), vehicle standards (age, vehicle fitness manual), medical standards,	✓
Delegations of the 'authorised officer' have been documented and minuted by the Authority. (roles to include - to give evidence in proceedings, sign licences issued, inspect specific documented, remove plates, inspect and test vehicles and / or taxi meter).	✓
Application forms are in place along with guidelines, which includes details of conditions applied to licences. Including, original copies of documents are only accepted as evidence.	✓
A Public Register of licences granted should be available for public inspection, giving information in respect of: <ul style="list-style-type: none"> •Hackney Carriage Vehicles – details of licence granter, proprietors' name and address, offences committed by proprietor, offences committed by driver. •Private Hire Drivers – name of driver, date and period of granted licence, licence number. 	✓
Display of revised fees for at least 28 days to allow for objections to be made. Notification of tariff for Hackney Carriage in local newspaper, and confirmed within a period of 2 months.	✓
Issue of reminders to licences in advance of expiry as no grace period is in place.	✓
A decision to refuse, suspend or revoke a licence, the applicant/licence holder should be informed in writing giving reasons for the action, and the right to appeal.	✓
Appeals process in place for challenges of decisions. This could be to a Council Committee initially. Appeals to be made within 21 days of receiving notification.	✓

Appendix F: Comparison with Good practice

Areas covered in the good practice guide	OCC's current position as at July 2008
Operators must be deemed 'fit and proper person'. Based upon business record, CRB Check, business references, Company House Search.	✓
Operators base should be within the local authority area, operators licence should list all addresses from which the business is run. Insurance should be in place in relation to Public Liability, and potentially Employers Liability with copies held on file.	✓
Records of bookings should be kept by Operators, names, addresses, pick up times and vehicles should be documented, thus enabling investigation if complaints occur.	✓
Driver licence application form and checks to include – CRB, full DVLA licence, NI number, Birth Certificate, Passport, Photograph for ID badge, references, medical form, knowledge tests, driving ability test, fee receipt prior to issue of licence	✓
Vehicle application form and checks to include- fitness certificate, annual inspection or up to 3 times a year, valid MOT, insurance cover, licence plate, roof sign for HC, registration document, valid and displayed vehicle excise disc, vehicle identification corresponding with registration document, chassis number corresponding to registration document, vehicle standard meets requirements of Road Traffic Acts, validation of taximeter to rates, fire extinguisher, first aid kit.	✓
Licence plates should include, licence number granted by the Authority, registration number, make, model, expiry date of line, number of passengers to carry	✓
Interim stop checks of vehicles, issue of warning letters for minor defects, immediate notice of suspension for major breaches.	✓

Conclusion

The overall design of systems accord with the good practice elements as detailed above.

Appendix G: Summary of work completed and risks reviewed

Our work involved:

- Identifying and documenting controls in place through discussion with staff;
- Testing key underlying controls to confirm that they have operated;
- Evaluating the adequacy of existing processes and controls; and
- Highlighting areas for improvement and / or streamlining.

Work undertaken

- Investigated if an up to date taxi licensing plan/strategy has been drawn-up and approved by the Authority.
- Picked a sample of alleged and actual breaches of license conditions identified through complaints and enforcement activities and investigated if actions were taken by taxi licensing office. →
- Obtained a copy of the budget book for the 2008/9 financial year. Obtained monthly budget monitoring reports for taxi licensing and for the first two months of the year and confirmed that performance against budget has been reviewed, and that explanations for variances have been given. →
- Reviewed 10 new driver licenses to check if the Authority's policies were complied with. →
- Reviewed 10 renewed drivers licenses to check if the Authority's policies were complied with. →
- Reviewed 10 new and renewed drivers to test if council income is posted to the right account. →
- Reviewed 10 new vehicles licenses to check if the Authority's policies were complied with. →
- Reviewed 10 renewed vehicle licenses to check if the Authority's policies were complied with. →
- Obtained February 2008 sub committee report and picked a random sample of three licenses to ensure that sub-committee made decisions on each to revoke the license. →
- Obtained January 2008 general purposes committee report and minutes to ensure that decisions are made by Members on proposals made by the taxi licensing team. →

Risks reviewed

- No taxi licensing strategy is in place detailing the purpose and direction of the team
- Individuals are able to drive taxis illegally without being properly checked by the Council.
- The Council is breaching its duty of care to the general public by employing individuals who are not fit to drive (with convictions or ill health).
- Income is misstated in the general ledger and posted to wrong accounts.
- General public at risk from vehicles which are in breach of health and safety requirements.
- There are no controls in place or the control is designed ineffectively.
- Taxi licensing team does not attend sub-committee meetings and do not report cases to the sub-committee, but makes decision themselves. Also, sub-committee does not provide reasons for their decisions.
- No business plan or strategy is considered and members do not take part in strategy making of the taxi licensing unit.