



Milton Keynes
Service
Partnership

INTERNAL AUDIT SERVICE

E257/16 Taxi Licensing

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October 2015

www.milton-keynes.gov.uk/internal-audit/

Audit Opinion:

Weak

Limited

Satisfactory

Good

EXECUTIVE SUMMARY

1 AUDIT AREA

- 1.1 An audit of Taxi Licensing (TL) has been carried out in accordance with the annual audit plan for 2015-16.

2 BACKGROUND INFORMATION

The purpose of the Taxi Licensing service is to licence operators, vehicles and drivers of Hackney Carriages (HC) and Private Hire (PH) vehicles.

Licensing tells the public that:

- The vehicle has been checked at least every six months for safety
- the driver has been checked medically, and is a fit and proper person to hold a licence
- the driver has taken a driving test and had a Disclosure and Barring Service (DBS) check.

2.1.1 Volume Indicators:

As at Oct 2015	Private Hire (PH)	Hackney Carriage (HC)
Number of Drivers Licences	936	88
Number of Vehicle Licences	761	201
Number of Operator Licences	65	-



3 AUDIT OPINION – GOOD


- 3.1 There has been significant improvement in the overall control environment for TL since the well-publicised investigation in late 2014. The adoption of a clear TL policy, full implementation of APP Flare, increased resource along with improved processes has resulted in demonstrable improvements in transparency, accountability and record keeping. Minutes are now taken of Regulatory Sub Committee (RSC) meetings and they clearly demonstrate that each applicant / driver is considered on their individual circumstances and that RSC members are seriously applying public protection as their primary consideration.
- 3.2 There have been many changes to TL processes over the last year and more are due over the coming few months and these all look to be positive steps that improve control, the service user experience and process efficiency. There are several issues in the Management Action Plan, but these are generally looking for further improvement to processes. A key theme of these relates to maximising the potential of APP Flare now that it has reliable data, with the use of exception / supervisory reporting to identify useful reminders, any unusual issues / non-compliance, income reconciliation etc.



All actions are in the [Management Action Plan \(Page 5\)](#).

4 AUDIT OBJECTIVES AND AUDIT SCORE

Key: 1 = poor/weak, 2 = some improvement required, 3 = good: no /very minor improvement is required

<p>Objective 1 The Taxi Licensing Policy is fit for purpose, up-to-date and subject to periodic review and approval as appropriate.</p> <p>Findings</p> <p>The TL Policy was last adopted by Cabinet on 09/12/2014. A new draft has been approved by Regulatory Committee on 08/07/2015 and is now awaiting adoption by Cabinet; this is to be considered on 30/11/2015.</p>	
<p>Objective 2 Applications are efficiently administered in compliance with the Taxi Licensing Policy and decisions are transparent and accountable.</p> <p>Findings</p> <p>There have been several recent changes in the application / renewal process which have improved control as well as efficiency. Since mid-August drivers/ applicants bring all required information in at the same time, there is a 3 day turn around and then they collect their licence/ badge. This means staff do not need to try to manage the different phases of where an application may be and progress issues individually, they can verify that all information required is present for consideration and then deal with the application in one go. Drivers also have a clearer understanding of exactly what is required of them and how long it will take to obtain their licence, which will now be quicker as a result of the change.</p> <p>Audit testing confirmed appropriate segregation of duties is in place for the issuing of licences. All driving licences (both HC & PH) issued in September were confirmed to involve at least 2 members of staff, one of whom was a Taxi Licensing officer, who approved the Licence.</p> <p>Licences are now being issued for standard 3 year durations, instead of on a pro-rata basis to coincide with the expiry of key licensing documentation requirements; documentation is then sought as required from drivers and enforcement action taken for non-compliance. The net effect of this is expected to result in a reduced administrative burden and an improved service user experience by virtue of requiring fewer applications to be completed.</p> <p>There is scope for improvement in the way TL use all the data now entered into the APP Flare system, this could be better leveraged by implementing regular reports that show useful reminders for staff, demonstrate policy compliance, exception report unusual issues or non-compliance and allow periodic income verification. (See MAP 2)</p> <p>APP Flare now clearly records, at what level a decision on an applicant / licence holder has been taken, ie Officer / Head of Service / RSC and appropriate documentation evidencing this is linked on the record.</p>	

<p>Recent collaboration with Legal has resulted in an improvement in the wording of letters sent to drivers/ applicants where a licence has not been approved. Whilst this is an ongoing process, the intention is to provide greater clarity as to the issues considered in their specific case and the rationale in coming to the decision and it is expected that this will further support the Council’s position in any future appeals that are taken to Court.</p> <p>Some of the administration of the RSC has been clarified with the Constitution Commission having agreed on 22/07/2015 to an ‘Appointments to Regulatory Sub-Committees – Convention.’</p> <p>Documentation for RSC meetings has significantly improved since the investigation last year. Minutes are taken and held for all meetings, these were clear and sufficiently detailed. A Record of Determination was also held and signed by the chair to evidence their correctness. Together these provide sufficient evidence on all key aspects of the meeting.</p> <p>Officer reports to RSC explain the TL requirement on the relevant issue and potential relevant options available to the committee. It is clear that the RSC view their obligation to safeguard the public as their primary objective. There were examples of several drivers /applicants being refused due to a variety of issues contravening the new TL Policy.</p>	
<p>Objective 3 Adequate records are maintained for Operators, Drivers and Vehicles.</p> <p>Findings</p> <p>Records maintained for operators, drivers and vehicles on APP Flare were found to be good, significantly improved in the last year. There is now a clear trail of all key actions and documents and who has processed these. The Disclosure and Barring Service (DBS) certificate is retained and it is clear on Flare whether there was a Trace or No Trace found.</p> <p>Action templates have been introduced so that all staff are reminded to complete required data as appropriate and audit testing showed this to be effective. Documents are scanned and linked into the record and APP flare shows which member of staff has undertaken each action.</p> <p>There is an issue to improve in respect of linking documents, documents reside on a normal file server and APP Flare links to that location. However, it was found that a folder had been renamed after links had been created and therefore all documents residing in that location linked before the change would no longer work. Ultimately the documents are still available; it’s more an inconvenience/ frustration that the link is dead. (See MAP 5)</p> <p>To aid Integrated Passenger Transport Unit (IPTU) with data matching between APP Flare and their software Routewise, a unique reference is required for all drivers in both systems, this is suggested to be the DVLA driving licence number, but at present not all live driver records hold this data. (See MAP 6)</p>	

<p>Objective 4 Income is complete, timely and allows effective management trail.</p> <p>Findings</p> <p>Sample audit testing of income confirmed that income is complete, timely and provides effective management / audit trail.</p> <p>There is some scope for tweaking processes to save administrative efforts in processing income without undermining this objective. (See MAP 4)</p> <p>The Taxi Licensing and Enforcement account is legally ring fenced and all fees require approval by the Regulatory Committee and then full adoption by either Council or Cabinet after public consultation. The required timing of this process does not align with the Councils internal budget setting and fee approval process and this has resulted in anomalies with the actual TL rates being applied being different to the Council's approved Fees & Charges Policy. (See MAP 3)</p>	
<p>Objective 5 Secured licensing materials are adequately controlled and accounted for.</p> <p>Findings</p> <p>Licensing materials (blank badges) are not always secured appropriately overnight. Whilst a procedure had been agreed, this appears to have lapsed on occasions. This is considered to be a risk with a low likelihood factor due to compensating controls in place. During the day the office is always staffed, there is a secure doorway into the office and CCTV at the front reception. Additionally, access to the APP system would likely be required to print to the stationery competently, which is restricted by appropriate user access security and ultimately Taxi Enforcement would identify unlicensed drivers / vehicles. However, there is a still a potential high impact if there was to be any misappropriation of these materials, so improved security is to be adopted at least overnight when the office is not staffed. (See MAP 1)</p>	

MANAGEMENT ACTION PLAN

The Agreed Actions are categorised on the following basis:

Likelihood	H	S	I	E	Essential	-	Action is imperative to ensure that the objectives for the area under review are met.
	M	S	I	E	Important	-	Requires action to avoid exposure to significant risks in achieving objectives for the area under review.
	L	S	I		Standard	-	Action recommended to enhance control or improve operational efficiency.
		L	M	H	Impact		

Ref.	Findings	Risk/ Implication	Agreed Action	Management Comments	Manager Responsible & Target Date
1.	<p>Blank Badge Stationery</p> <p>Whilst there is significant alternative mitigation in place, licensing materials (blank badges) had not always been secured appropriately overnight.</p>	Potential misappropriation of blank licensing materials that could enable fake badge/s to be made.	<p style="color: green;">Standard</p> <p>Improved security will be adopted with all licensing stationery being locked away overnight when the office is not staffed.</p>	Agreed	<p><i>Licensing Team Leader</i></p> <p>01/11/2015</p>
2.	<p>Regular APP Reporting</p> <p>There was minimal regular supervisory / managerial reporting from APP Flare on Taxi Licensing.</p>	Potential ignorance of any exceptions /issues of non-compliance.	<p style="color: green;">Standard</p> <p>Consider key areas where supervisory / managerial assurance is beneficial and develop regular reports to output from APP to facilitate this.</p> <p>Eg Licence lengths – commencement date v expiry date</p> <p>Expiry dates for key licensing documentation eg right to work, medical etc</p> <p>Licences issued showing approval – is there Segregation of Duties / is the approval by a Taxi Licensing officer</p> <p>Licences issued v income received in period.</p>	Agreed	<p><i>Licensing Team Leader</i></p> <p>01/04/2016</p>

Ref.	Findings	Risk/ Implication	Agreed Action	Management Comments	Manager Responsible & Target Date
3.	<p>TL Fees</p> <p>The actual TL fees being charged are not all consistent with the Council's approved Fees and Charges Policy for 15/16.</p> <p>TL fees are set by Regulatory Committee after public consultation and the timescales involved for this process do not align with the Council's budget setting process and approval of the annual Fees and Charges policy.</p>	<p>Confusion / lack of transparency.</p> <p>Decisions made that are ultra vires (beyond their powers)</p>	<p>Standard</p> <p>Liaise with Finance to agree an appropriate approach to dealing with this difficulty so that all requirements are met.</p> <p>One option might be to consider delegation for the adoption of new TL fees and charges to the Regulatory Committee.</p>	Agreed	<p>Licensing Team Leader</p> <p>01/04/2016</p>
4.	<p>Cheque Income</p> <p>Cheque income now only represents 12% of total income and is inefficient compared to card income.</p> <p>This necessitates the keeping of income spreadsheets, weekly banking arrangements, dealing with bounced cheques and potential cheque refunds.</p>	<p>Inefficient processes associated with low level cheque income.</p>	<p>Standard</p> <p>Consider phasing out acceptance of cheques over a reasonable period.</p> <p>The income spreadsheet can then be discontinued and periodic income verification undertaken using regular reports from APP Flare.</p>	Agreed	<p>Licensing Team Leader</p> <p>01/04/2016</p>
5.	<p>APP Flare – Document Links</p> <p>Documents reside on a normal file server and APP Flare links to that location. However, it was found that a folder had been renamed after links had been created and therefore all documents residing in that location linked before the change would no longer work. Ultimately the documents are still available; it's more an inconvenience/frustration that the link is dead</p>	<p>Inconvenience, inefficiency, potential loss of documentation.</p>	<p>Standard</p> <p>Liaise with the Information Governance and Compliance Manager to implement the Council's new electronic filing protocols.</p>	Agreed	<p>Licensing Team Leader</p> <p>01/04/2016</p>

Ref.	Findings	Risk/ Implication	Agreed Action	Management Comments	Manager Responsible & Target Date
6.	<p>Data-matching with Integrated Passenger Transport Unit (IPTU) A unique reference number consistent between APP Flare and Routewise (IPTU software) is required to allow a regular data-matching exercise to be effected. The DVLA licence number is the best option, but this is not held on APP Flare for all drivers at present on APP Flare.</p>	Inconsistent data / records between IPTU and TL	<p>Standard Identify all Live drivers on APP Flare without a DVLA driving licence number and then look to complete this information.</p> <p>IPTU can then run regular reports on Driver records from APP Flare to match to their records in Routewise and ensure both systems are accurate and up-to-date.</p>	Agreed	<p><i>Licensing Team Leader</i></p> <p><i>01/04/2016</i></p>

Milton Keynes Service Partnership TAXI LICENSING – E257/16

Final Report

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