

REPORT TO: Audit and Governance Committee

MEETING DATE: 26 September 2017

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: Internal Audit Report – Taxicard Scheme

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on the Taxicard Scheme.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 A review of the internal controls surrounding the Taxicard Scheme was undertaken as part of the Audit Plan for 2017/18.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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DATE	14 September 2017

EAST LOTHIAN COUNCIL – INTERNAL AUDIT TAXICARD SCHEME

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2017/18, a review was undertaken of the Council's Taxicard Scheme. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Appropriate guidance is provided to Taxicard holders on the operation of the Taxicard scheme.
- Adequate arrangements are in place to notify applicants who have failed to meet the eligibility criteria.

1.3 Areas with Scope for Improvement

- The adequacy and effectiveness of the Taxicard scheme in place requires review. *Risk – the scheme may be out of date and ineffective.*
- The existing Taxicard application form requires review, to ensure that it provides key information required to assist in determining eligibility. *Risk – failure to adopt a consistent approach.*
- There was a lack of adequate checking arrangements in place as part of the application process – the existing procedures do not require applicants to provide supporting documentation to verify identity or residence. *Risk – inappropriate awards may be made.*
- The current approach adopted for assessing applications requires review – in some cases, Taxicards were awarded to applicants who had failed to meet the eligibility criteria. *Risk – an inconsistent approach may be adopted.*
- There was a lack of effective arrangements in place for monitoring cardholder usage – in some cases, cardholders had exceeded the maximum limit of 104 journeys per annum. *Risk – misuse of the Taxicard scheme.*
- In a number of cases, cardholders had failed to sign the receipt to confirm the journeys made. *Risk – errors and irregularities may occur and remain undetected.*
- There was a lack of adequate checking procedures in place prior to processing payments to taxi operators. *Risk – duplicate payments may be made.*
- There was a failure to ensure that written agreements were in place between the Council and all taxi operators participating in the Taxicard scheme. *Risk – failure to comply with the conditions of the scheme.*
- The current procedures for renewing Taxicards require review – in some cases, Taxicards had been re-issued prior to a renewal form being received from the cardholder. *Risk – duplicate cards may be issued.*

1.4 Summary

Our review of the Taxicard Scheme has identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager

September 2017

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
TAXICARD SCHEME**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.1.1	Management should review the adequacy and effectiveness of the current Taxicard scheme in place.	Medium	Service Manager – Transport	Agreed – review to be undertaken		December 2017
3.2.1	Management should ensure that applicants provide supporting documentation to verify their identity and residence.	Medium	Service Manager – Transport	Agreed – feasibility to be considered within review		December 2017
3.2.2	Management should ensure that the current Taxicard application form provides key information required to assist in determining eligibility. Management should ensure that a consistent approach is adopted in the assessment of applications received. Management should ensure that all assessments are reviewed by a second member of staff.	Medium	Service Manager – Transport	Agreed – to be identified within review		December 2017
3.3.1	Management should ensure that Taxicards are only renewed following the receipt of a renewal form from the applicant.	Medium	Service Manager – Transport	Agreed – admin process to be reviewed		December 2017

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.3.1 (cont)	<p>Management should ensure that applicants do not hold more than one active Taxicard – all duplicate cards should be cancelled.</p> <p>Management should review the current practice of renewing Taxicards on an annual basis – consideration should be given to extending the period of award beyond the current one year.</p>	Medium	Service Manager – Transport	<p>Agreed – admin process to be reviewed</p> <p>Agreed – to be identified within review</p>		December 2017
3.4.1	Management should ensure that inactive records are removed from the Taxicard database.	Medium	Service Manager – Transport	Agreed – admin process to be reviewed		December 2017
3.5.1	Management should ensure that signed agreements are held with all taxi operators participating in the Taxicard scheme.	Medium	Service Manager – Transport	Agreed – briefing to all taxi operators within scheme		November 2017
3.6.1	<p>Management should ensure that taxi operators submit invoices on a monthly basis.</p> <p>Management should ensure that taxi operators submit a bona fide invoice together with the proforma spreadsheet.</p> <p>Management should ensure that adequate checks are carried out to prevent duplicate invoices being processed and paid.</p>	<p>Medium</p> <p>High</p>	Service Manager – Transport	<p>Agreed – briefing to all taxi operators within scheme</p> <p>Agreed – admin to be issued instruction /guidance</p>		<p>November 2017</p> <p>September 2017</p>

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.6.1 (cont)	Management should take appropriate action to recover duplicate payments identified.	High	Service Manager – Transport	Agreed – operator to be contacted regarding issue		September 2017
3.6.2	<p>Management should ensure that all Taxicard receipts are fully completed and signed by both the taxi driver and the Taxicard holder to evidence that the journeys have taken place.</p> <p>Management should ensure that taxi operators are not reimbursed for journeys where the Taxicard holder has not signed the receipt.</p>	High	Service Manager – Transport	<p>Agreed – briefing to all taxi operators within scheme</p> <p>Agreed – admin to be updated and instructed</p>		<p>November 2017</p> <p>September 2017</p>
3.7.1	<p>Management should ensure the effective monitoring of cardholders' usage to ensure that the maximum number of journeys is not exceeded.</p> <p>Management should ensure that appropriate action is taken where cardholders have reached the maximum 104 journeys per annum – both the Taxicard holder and taxi operators should be notified of cards that have exceeded the journey limit and advised that no further payments will be made for these cards.</p>	High	Service Manager – Transport	Agreed – admin to be given instruction, monthly reporting required		September 2017

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.8.1	Management should explore alternative methods of delivering the Taxicard scheme.	Medium	Service Manager – Transport	Agreed – within review		December 2017

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.