

DETAILED FINDINGS AND RECOMMENDATIONS

The Driver Trading Account does not show the accurate financial position to the end of 2016-17

Ref.	Results of internal audit review	Sig.	Recommendation
1.	<p>We reviewed the accuracy of the figures within Appendix A Driver Fees Accounts and Fee Workings accompanying the paper “Setting of Hackney Carriage and Private Hire Driver Licence Fees for 2017/18” presented to the Planning and Licensing Committee on 11 October 2017.</p> <p>We have concluded that the figures reflect the accurate position as recorded in the general ledger of the Council’s financial systems:</p> <ul style="list-style-type: none"> • Direct costs and employee related expenditure had been subject to appropriate budgetary controls via the Council’s routine collaborative planning (CP) process to confirm that they had been correctly coded to the Licensing Team’s cost centres (G319 and G754) • Indirect costs (corporate departmental overheads) charged to cost centre G754 had been attributed in accordance with the established framework used across the council (e.g. HR costs attributed by number of full-time equivalents, office accommodation by desk-space) • Income relating to the 2016-17 year had been fully accounted for in cost centre G319. <p>Therefore the reported financial position of £44,415 deficit for 2016-17 on the Driver License Trading Account can be confirmed as accurate.</p> <p>The Council’s Statement of Accounts for year ended 31 March 2017 have also been signed off with an unqualified opinion by the external auditors. This outcome was reported to the meeting of the Audit Committee on 13 September 2017.</p>	N/A	No recommendations raised.

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The anticipated costs on which the trading account break even position for 2017-18 has been calculated are inaccurate

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2.	<p>We reviewed the accuracy of the figures used by the Council to determine the costs and income to be included in the budget for the Driver Trading Account for 2017-18.</p> <p>We have found that:</p> <ul style="list-style-type: none"> Employee related expenditure budgets are broadly comparable to the actual costs incurred in 2016-17 Employee related budgets reflect accurately only the costs of the employees working in the Licensing Team and the approved 40% of the costs of the Principal Licensing Officer, as agreed with Thurrock Council The Licensing Team budgets for the following costs appear high based upon actual costs incurred last year and expenditure incurred in 2017-18 to date: <table border="1"> <thead> <tr> <th>Area</th> <th>Budget 2017-18</th> <th>Actual 2016-17</th> <th>Actual 2017-18 to date</th> </tr> </thead> <tbody> <tr> <td>Purchases - General Equipment</td> <td>£7,500 revised to £5,000</td> <td>£939.95</td> <td>£70</td> </tr> <tr> <td>Books and CDs</td> <td>£2,000 revised to £1,000</td> <td>£112.90</td> <td>£0</td> </tr> <tr> <td>Printing Materials</td> <td>£1,000</td> <td>£0</td> <td>£0</td> </tr> <tr> <td>Legal Fees</td> <td>£3,000</td> <td>£0</td> <td>£0</td> </tr> <tr> <td>Training Expenses</td> <td>£3,500</td> <td>£372.50</td> <td>£310</td> </tr> </tbody> </table> <ul style="list-style-type: none"> We note however that the latest projected year end expenditure for the above items is in line with revised budgets for 2017-18 as shown in the table above. Budgets in respect of corporate overheads have been allocated to the Licensing Team in accordance with the Council's framework. <p><i>Continued overleaf...</i></p>	Area	Budget 2017-18	Actual 2016-17	Actual 2017-18 to date	Purchases - General Equipment	£7,500 revised to £5,000	£939.95	£70	Books and CDs	£2,000 revised to £1,000	£112.90	£0	Printing Materials	£1,000	£0	£0	Legal Fees	£3,000	£0	£0	Training Expenses	£3,500	£372.50	£310	Med.	<p>a) Actual expenditure incurred relating to direct costs, Licensing Team support costs and corporate overheads should continue to be kept under review and fed into the usual year end adjustments to the Driver Trading budget calculations for future years as appropriate.</p> <p>b) As part of the regular meetings with the Taxi Trade Consultancy Group and in the interests of transparency the results of budget monitoring via the Collaborative Planning approach in the Council and the impact upon the Driver Trading account should be shared.</p>
Area	Budget 2017-18	Actual 2016-17	Actual 2017-18 to date																								
Purchases - General Equipment	£7,500 revised to £5,000	£939.95	£70																								
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2.	<p>... <i>Continued</i></p> <ul style="list-style-type: none"> Analysis shows that in the main the budgets for corporate overheads assigned to the Licensing Team are less than the actual expenditure incurred during 2016-17. The indirect budgeted costs are in total £23,285 lower than the actual costs incurred in 2016-17. The proportion of costs allocated to the Drivers Trading Account is £9,121 less than actual costs incurred in 2016-17. We note that the actual costs will be allocated across departments and teams at the end of the financial year as part of routine year end processes. <i>We have considered the use of timesheets on the next page to allocate corporate overheads from the Licensing Team to the Drivers Trading Account in findings and recommendations 3.</i> Income budgets are based upon reasonable assumptions about the number of taxi drivers operating in the borough and the spread of the renewal of licence fees over a rolling three year period. 		
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE

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The time [sheets] on which the taxi driver licensing fees calculations are based do not reflect the current position				
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3.	<p>We have not been able to confirm with reference to timesheets or other evidence that the figures of 16.83% used to allocate the costs for 2016-17 and 12.83% used to allocate the budget for 2017-18 relating to the Licensing Team and Corporate Overheads to the Driver Trading Accounts are reasonable.</p> <p>We have confirmed that a time-recording system has been in place within the Licensing Team since 31 July 2017 to record how time is spent, to enable more accurate determination of the percentages to be assigned across the various activities undertaken.</p> <p>Verbal instructions on how to complete the timesheets have been provided to the team. A review is to be undertaken by the Principal Licensing Manager in December 2017, following which a formal guidance procedure document will be produced.</p> <p>We have been advised that the work of the team in relation to taxi driver licensing will fluctuate across the months and years based upon the number of applications and renewals processed.</p> <p>It is the responsibility of the Principal Licensing Officer to review and monitor the timesheets submitted by the team and to confirm their accuracy and completeness. It is currently the intention to carry out monitoring on a quarterly basis.</p> <p>A specific timeframe has not been set for the length of time that the team will continue the use of the timesheets or how the results will be shared with the TTCG.</p>	Med.	<p>a) The timesheets recording system should be run until for a period of at least one year or a longer period until such time as the full effect of fluctuations in activity can be seen.</p> <p>b) Based upon the data collected via the timesheets recording system, adjustments to the Drivers Trading budget calculations for future years should be made as appropriate.</p> <p>c) Monitoring of timesheets should be undertaken regularly and on a timely basis to feed into the regular meetings with the Taxi Trade Consultancy Group. In the interests of transparency evidence of the review and the results from timesheet analysis and the impact upon the Driver Licenses Trading account should be shared.</p>	
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE	