

AUDIT REPORT 20'010

LICENSING

EXECUTIVE SUMMARY

The annual audit plan provided for a review to be undertaken of the collection and accounting arrangements for all licensing fees. This involved a review of two separate strands of licensing activity with the Moray Licensing Board being responsible for liquor and gambling licences, and the Moray Council Licensing Committee dealing with licences covered by the Civic Government (Scotland) Act 1982 and other licensing legislation.

The Moray Licensing Board is separate from Moray Council, although its membership consists of Moray Council members and is responsible for licensing of, for example, premises supplying liquor, management of licensed establishments, occasional events involving liquor supply and gambling premises. There is an income budget for liquor and gambling licences projected at £121,000 per annum.

The Licensing Committee oversees Civic Government and other licensing activity, which covers the licensing of a wide range of operations including taxi vehicles, taxi drivers, window cleaners, street traders, animals, and public entertainment, with an annual income budget of £148,000.

In reviewing the systems and processes for administering and accounting for all licence types, audit work has focused on the study of the consistency of the validation procedures followed for each application, adequacy of documentation trails and timeliness of processing. Decisions on applications have also been reviewed in order to ensure these have been referred to Board or Committee as required or granted by the service under delegated powers. The audit remit has also involved confirming fees are paid for all applications / licence renewals, are levied at the correct rate in accordance with the charging policy and that any non-payment is escalated and appropriately addressed.

The licensing activity which has been subjected to audit is undertaken by Legal & Democratic Services involving licensing solicitors and a small administration and regulation team. Activity in 2019/20 to date has been studied, with reference to 2018/19 where relevant.

The audit review found that overall licensing arrangements are being managed effectively and timeously with only the following areas identified where minor improvements to existing working practices would be welcomed:-

- Personal licences held by liquor premises managers for a ten year period impose a condition of refresher training at a five year interval but, due to resource and system limitations, compliance with this requirement has not been monitored or enforced. Testing is now being undertaken to progress a solution which can strengthen control of this licence stipulation;

- A small number of instances were identified whereby the audit trail of all documentation relating to an application / licence was incomplete. Care should be taken to ensure all communications and relevant information are recorded in the provided document storage element of the licensing system for evidence and reference purposes;
- Periodic monitoring of 'open applications', to ensure valid reasoning exists for any licences applied for and not yet issued, is not undertaken other than for occasional liquor licences which must be administered within a short timeframe. A limited number of cases were identified where applications had been withdrawn / replaced or in one case the licence issued, but the Licensing computer system had not been updated accordingly. A supervisory review of open applications would identify any such issues.

Recommendations: Licensing

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Applications follow a standard consistent process of validation and approval / refusal which is evidenced and carried out timeously. Application fees collected are in accordance with the charging policy.						
5.01	Responses received in relation to an application consultation, or indeed any relevant document relating to an application, should consistently be filed within the system document storage facility for reference and evidence purposes.	Low	Implemented	Inconsistency has been a historical problem owing to larger than usual turnover of admin staff and covering arrangements. Staffing now on a more permanent basis and processes have been implemented. Activity of admin staff who upload to the Idox document management system will be monitored on an ongoing basis.	Senior Solicitor	
5.02	Consideration should be given to the potential for improvement of referencing of transactions interfaced to the Council's financial ledger in order to allow easier	Low	Yes	Improvements will be investigated and implemented where possible.	Assistant Manager FMS & Banking	31/01/2020

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
	reconciliation of recorded receipts to licensing applications made.					
5.03	Whilst it is recognised that the status of occasional licences is constantly monitored due to the tight timescale involved with this licence type, a periodic review of 'open' applications of other licence types should be undertaken to ensure all applications have a valid reason for remaining incomplete within the	Low	Implemented	Legal Services have introduced the Enterprise module of Uniform licensing to monitor the status of applications. This indicates the status of outstanding tasks and categories them into red, amber and green. Red is overdue and these can be escalated.	Senior Solicitor	

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
	Licensing system.			This is for all licence types and processes are being amended to ensure tasks are monitored more closely.		
Key Control: A process exists for identifying existing licences and their need for renewal at the appropriate timescale. Renewal fees are collected in accordance with the charging policy. Non-payment or non-compliance is escalated as a contravention of licence conditions.						
5.04	Any communication with licence holders regarding outstanding debt should be retained on file to evidence the debt enforcement action taken.	Low	Yes	Annual fees must be paid by certain licence holders and it is an annual labour intensive task to monitor payments and call for the review of licences where fees are not paid. Previously, chase letters have been stored within personal directories but processes are now in place for letters to be stored in the document management system.	Senior Solicitor	31/01/2020

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.05	A solution should be implemented at an early date with regard to identifying when refresher training is due for personal licence holders, reminding the licence holder and ensuring appropriate action is taken in the event of non-compliance with this licence condition.	Medium	Yes	Reports are being generated from Uniform although these are proving to be technologically very difficult given the way Uniform records licence holder training. Therefore at the moment this is being manually monitored and chased by Admin whilst ICT work on developing a solution based around email/SMS reminders to licence holders. Delegated power is in place to revoke licences for non compliance.	Senior Solicitor	31/03/2020