



Calgary

City Auditor's Office

Calgary Community Standards – Livery Transport Services Audit

March 13, 2019

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The City Auditor's Office conducted this audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Executive Summary

Livery Transport Services (LTS) within the Calgary Community Standards Business Unit regulates drivers, vehicles and companies in the livery industry according to the requirements of the Livery Transport Bylaw (6M2007). Livery vehicles include taxis, accessible taxis, limousines and vehicles-for-hire. Significant industry changes occurred in 2016 with entry of transportation network companies (TNC), which added nearly 4,500 drivers and associated vehicles-for-hire to LTS' responsibilities. In 2018, over 10M livery trips were completed.

We conducted this audit as the regulation of livery services is a critical component to ensure the safety of passengers and drivers. The objective of the audit was to assess the effectiveness of public and driver safety internal controls. The audit consisted of a comprehensive review of LTS established processes and control activities conducted by the licensing, enforcement and data and training (data analytics) teams.

Overall, existing controls were operating as designed to support safety of passengers and drivers. Our results section highlights examples of the contribution these controls make to public safety, such as taking vehicles with serious defects out of service. We raised five significant recommendations reflecting growing industry complexity and opportunities to provide effective and efficient monitoring of all classifications of livery vehicles and drivers. These recommendations focused on three main themes: validation of security camera operation, defining an integrated enforcement strategy utilizing data analytics, and system enhancements to provide the necessary data.

We noted 17 instances, during 2018, where taxi security camera footage was unavailable from the taxi brokerage when requested by LTS. Footage supports LTS in investigations and license review hearings related to driver conduct and protects the safety of passengers and drivers. Cameras are inspected at the time of registering a new vehicle and through random on-road enforcement inspections. However, they are not subject to verification every six months, as is the case with other mechanical parts. It was unknown at the time of the audit, whether these instances of unavailable footage were due to malfunction of the camera or inadequate retention practices, or other reasons. We recommended LTS conduct a root cause analysis on the causes of unavailable taxi security camera footage and based upon the results implement changes to the inspection and licensing process to further protect passenger and driver safety.

LTS does not have a defined enforcement strategy that integrates on-road, in-office and data analytic activities, which would support effective mitigation of safety risks and resource allocation decisions. The strategy should include objectives and measures, processes for monitoring performance, data requirements to support the strategy, and consideration of the different business models in the industry. Our audit provided examples of coverage measures and opportunities to expand use of trip data to assist in implementing our recommendation to develop this strategy.

Currently, the licensing and enforcement workflow system (POSSE) used by LTS does not allow for the electronic capture of detailed information on TNC vehicles-for-hire enforcement activities, including deficiencies identified. Since TNC vehicles accounted for approximately 40% of trips during 2018, information on these activities will be needed to meet the data requirements of LTS's enforcement strategy. As a result, we recommended upgrading POSSE to electronically capture these activities.

In addition, we raised nine recommendations to enhance the consistent performance of existing controls. LTS has agreed to all 14 recommendations and have committed to set action plan implementation dates no later than December 31, 2022. The City Auditor's Office will follow-up on all commitments as part of our ongoing recommendation follow-up process.

1.0 Background

Livery Transport Services (LTS) within the Calgary Community Standards Business Unit regulates drivers, vehicles and companies in Calgary’s livery industry according to the requirements of the Livery Transport Bylaw (6M2007). This includes livery trips by taxis, accessible taxis, limousines and vehicles-for-hire. Licensing requirements include police record checks, training, specific classes of a provincial driver license, vehicle condition inspections and insurance.

LTS’s objective is to ensure public safety, service quality and consumer protection for customers and service providers in the livery industry. The three teams within LTS are described in the table below:

Licensing	Enforcement	Data & Training
Administer licensing of: <ul style="list-style-type: none"> • Drivers • Vehicles • Brokerages • Transportation network companies (TNC) • Livery vehicle inspection stations 	Encourage LTS Bylaw compliance through: <ul style="list-style-type: none"> • Physical peace officer presence on the road • Targeted inspection programs • Investigation of complaints from the public and drivers • Enforcement action including licence review hearings to revoke a licence 	Analyze trip data to support a culture of data-driven decision making, and enforcement investigations. Develop training provided to new taxi drivers.

The livery industry underwent major changes following the introduction of a major TNC into the Calgary market in 2016. TNCs provide a software program (app) that can be used by passengers to book and pay for a vehicle-for-hire operated by a driver as part of a TNC. LTS became responsible for regulating nearly 4,500 additional TNC drivers and associated vehicles-for-hire based on similar regulatory standards to those that applied to taxis and limousines. In 2018, 10M livery trips were completed, which includes 6M by taxi, 4M by vehicles-for-hire, and 17K by accessible taxi. At the beginning of February 2019, there were 4,508 licensed taxi drivers (843 with the accessible endorsement), 333 licensed limousine drivers and 4,476 licensed TNC drivers. The fleet¹ consisted of 1,881 taxi plates, 219 limousines and 4,476 vehicles for hire.

The regulation of livery services is a critical component to ensure the safety of passengers and drivers. As a result, this audit was included on the City Auditor’s Office 2017/2018 Annual Audit Plan as an operational audit assessing the effectiveness of internal controls that support public and driver safety.

¹ The number vehicles operating within the city of Calgary fluctuates as there are times when a vehicle is off the road for repairs or mechanical inspection, the driver is sick or on vacation, or the vehicle has been taken ‘out of service’ due to a serious mechanical deficiency.

2.0 Audit Objectives, Scope and Approach

2.1 Audit Objective

The objective of this risk-based audit was to assess the effectiveness of internal controls that support public and driver safety. The objective was achieved by assessing the design and effectiveness of controls in place to mitigate the following six high inherent risks:

1. Driver behavior, conduct or health status is such that they are unfit to provide livery service;
2. Brokerages and TNCs do not comply with the legal requirements for providing livery service;
3. Changes or new information arises related to driver, brokerage or TNC conduct, or driver health status between licence renewals, which indicates an unfitness to provide livery service;
4. Driver knowledge is not sufficient to ensure safety of drivers and passengers;
5. Individuals transport passengers without the appropriate livery license; and
6. Livery vehicles are not fit to operate due to safety related defects, missing security equipment or inadequate insurance coverage.

2.2 Audit Scope

The scope of this audit included LTS licence application, renewal and enforcement processes and activities critical for the safety of passengers and drivers during the period from September 1, 2017 to August 31, 2018.

Excluded from this audit were:

- Training requirements for TNC drivers - LTS is exploring this requirement and is due to report back to Council through the Standing Policy Committee on Community and Protective Services no later than Q2 2019.
- Quality and availability of accessible service – Council endorsed the Accessible Taxi Incentive Program to improve customer service for individuals using on-demand wheelchair accessible taxis on March 19, 2018, which launched on January 1, 2019.
- The taxi plate selection process which is a means to distribute the release of new Taxi Plate Licences.

2.3 Audit Approach

Our audit included the following:

- Interviews with LTS management and staff.
- Process analysis and control assessment based on a sample of:
 - Driver's licence applications and renewals;
 - Brokerage and TNC applications;
 - Active registered livery vehicle plates;
 - Inspection station and mechanic applications;
 - Public complaints; and
 - TNC data completed by the geospatial analyst.

3.0 Results

At the outset of the audit LTS Management identified the combination of their activities in licensing, enforcement and data analysis was critical to supporting public and driver safety. As a result, we conducted a comprehensive audit that tested nineteen controls across these three areas, identified in the risk and control matrix (Appendix A). The following sections outline the results of testing in these three areas.

3.1 Licensing (13 controls)

Licensing includes preventive controls that LTS completes as part of granting or renewing a license or vehicle registration to ensure that regulatory requirements are met for drivers and vehicles, and for brokerages, TNCs, mechanical inspection stations, and mechanics inspecting livery vehicles. The front counter Licensing Team performs these activities, supported by training developed by the Data and Training Team, which are identified in Appendix A within control area L.

Overall licensing controls tested are operating as designed to ensure regulatory requirements are met. We raised five recommendations to improve the consistency of licensing control performance.

3.1.1 Drivers

Provincial Motor Licensing Status (Controls #3, #4, #8)

Prior to granting or renewing a license LTS verifies a driver has:

- Either a Class 1, 2 or 4 provincial operator's license, which requires a medical examination confirming a driver's health status to safely provide livery service.
- Not exceeded nine demerit points as this may be indicative of a driver who does not have the necessary understanding of the rules of the road to safely operate a vehicle.

We reviewed a random sample of 61 driver applications that covered new and renewal licenses for TNC drivers, taxi drivers and limousine drivers. No exceptions were noted supporting the process is followed to ensure LTS actively validates driver requirements.

In addition, to the demerit point check at licensing/renewal LTS has proactively implemented a check during the period between renewals for drivers with six or more demerit points. We raised recommendation #8 in support of this new interim evaluation process and to formalize the control.

License Term (Control #9)

We performed a test of a POSSE automated control and confirmed that licenses cannot be issued for a term that exceeds 13 months.

Police Information Checks (Control #1, Control #2)

A police information check is conducted for all new and renewal applications through an automated interface between LTS and Calgary Police Services (CPS) for taxi and limousine drivers, and TNC drivers prior to February 1, 2018. Since this date, TNC drivers were required to manually provide this check from CPS due to changes to provincial regulations for TNCs. We tested the automated interface and confirmed it

was operating effectively and that the manual check was on file for TNC drivers requiring it, within the above sample of 61.

Through data analytics we identified licensed drivers with a CPS non-recommendation and reviewed a sample of eleven files selected on a judgemental basis that included both instances that did and did not go to a License Review Hearing. Not all non-recommendations are required to go to a License Review Hearing, for example, where the applicant resolves the matter with CPS (e.g. pays the outstanding fine). We observed LTS referred cases to a License Review Hearing where appropriate to reach a decision on suitability and files sampled contained the documentation to substantiate evidence weighed in support of the decision made.

Documentation in two files that went to a License Review Hearing did not include the CPS letter with results of a vulnerable sector fingerprint search. The CPS fingerprinting letter could have included information on additional offenses that would be relevant to discussions at the hearing. Recommendation #13 was raised to support improved document retention of hearing evidence.

Training (Control #11)

LTS provides training to taxi driver applicants through in person and an online option. We reviewed the course materials and observed training covered risks to the driver of assault and robbery, responsibilities for ensuring mechanical safety of the vehicle, driver conduct and the enforcement framework. After completing this course taxi drivers are required to pass an examination test. Limousine drivers are also required to pass a test but do not have to complete a training course. We reviewed a sample of 36 newly licensed taxi and limousine drivers and noted all individuals passed the examination.

Additional hands on training is required and provided for holders of accessible taxi driver licenses by both LTS and by approved brokerage training programs. Training covers topics such as wheelchair securement, curb stop locations and passenger identification. We recommended a periodic review of the training program, such as every three years, to ensure consistency between internal and brokerage accessibility training and incorporation of emerging risks (Recommendation #12). This recommendation is timely given the planned implementation of the Accessible Taxi Incentive Program in January 2019.

3.1.2 Vehicles, Mechanics and Inspection Stations

The Licensing team verifies vehicles have been inspected by a qualified mechanic to ensure they are fit to operate prior to registering the vehicle, and every six months or a year thereafter (Controls #14 and #15). We inspected documentation for 66 livery vehicles including vehicles-for-hire, taxis and limousines. An Enhanced Livery Vehicle Inspection Standards (ELVIS) inspection certificate was on file for each vehicle within the required inspection period of either six months or one year. An ELVIS certificate confirms that a vehicle is fit to operate in accordance with the requirements of the LTS Bylaw, which requires an inspection either every six months or annually in the case of lower mileage vehicles-for-hire. We also confirmed that POSSE automated controls are

functioning effectively to suspend licenses or registrations in cases where a mechanical inspection is overdue (Control #16 and #17).

LTS license both the mechanics and the inspection stations (Control #18) that perform the ELVIS inspections. We reviewed a sample of seven newly licensed mechanic's files and in each case LTS had verified that the mechanic had the appropriate qualifications. Also, we reviewed a sample of five newly licensed inspection stations during the audit period and observed an LTS inspector had inspected each station and confirmed that the location had the necessary equipment to complete an ELVIS inspection.

The ELVIS inspection does not include verification of the taxi security camera. LTS Inspectors check security camera operation to ensure the camera lights are working (power, recording, GPS) when a new vehicle is registered and through random on-road enforcement. We recommended LTS update the new vehicle inspection form to include evidence of the camera inspections (Recommendation #2).

3.1.3 Brokerages and TNCs

Brokerages and TNCs are licensed by LTS (Control #5). We reviewed all new license applications (two TNCs and two limousine brokerages) during the audit period and confirmed LTS reviewed the apps used by the TNC against the requirements of the LTS Bylaw², brokerage premises were inspected by an inspector³, and LTS verified insurance coverage.

Although LTS verifies that taxi and limousines are covered under the brokerage fleet policy for new vehicle registrations (Control #14), and TNC driver's personal insurance coverage when issuing their license (Control #15). LTS does not verify proof of brokerage and TNC insurance policies for brokerage and TNC license renewals beyond requesting a policy number (Recommendation #11).

3.2 Enforcement and Data Analysis (6 controls)

LTS enforcement activities include on-road enforcement, and complaint handling performed by LTS Inspectors (peace officers). The Data & Training team supports enforcement by conducting targeted data analysis. The combination of these enforcement activities allows LTS to monitor the livery industry during the period between granting and renewing an LTS license and registration and act on regulatory non-compliance that impacts driver or public safety. Enforcement and data analysis activities are identified in Appendix A within control areas E and D respectively.

We raised six recommendations to enhance the operational effectiveness of enforcement and data analysis controls tested. Although LTS is monitoring the livery industry and identifying and resolving safety concerns, LTS does not have a defined enforcement strategy that integrates on-road activities, in-office reviews and data analytics. A defined strategy includes objectives and measures that consider the different business models in the livery market, and processes to monitor outcomes, supports effective mitigation of safety risks and resource

² Section 54 of the LTS Bylaw requires that TNC apps, used by their customer to book a ride, include functionality for safety, such as providing a photo of the driver and the license plate of the vehicle.

³ Section 130 of the LTS Bylaw requires brokerages to maintain a staffed office in The City of Calgary (s135(e)) premises in a clean state and in good repair (s130(a)).

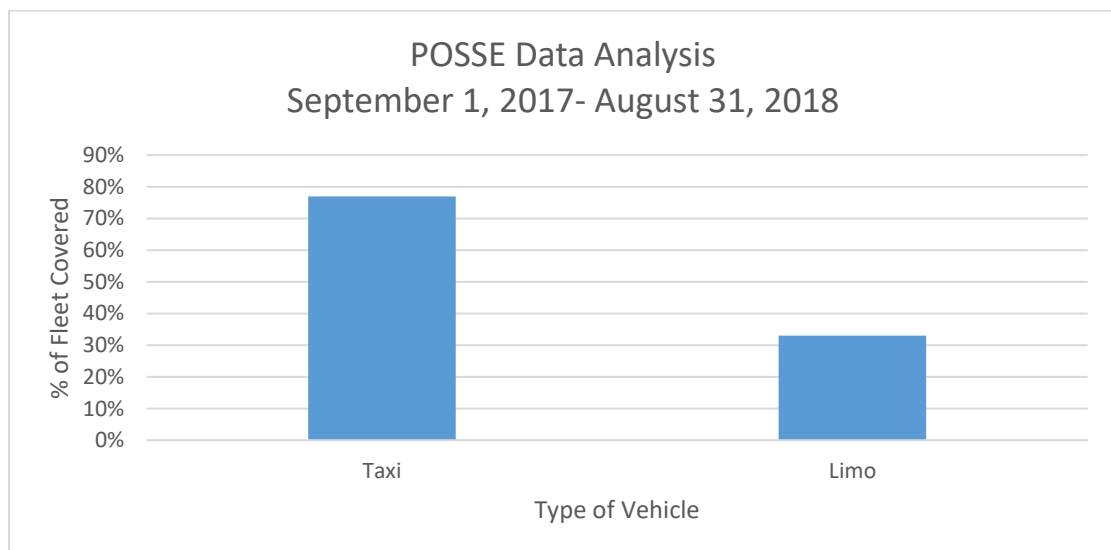
allocation decisions (Recommendation #3). We also recommended enhancements to the POSSE workflow system to capture information on TNC inspections to support this strategy (Recommendation #4).

3.2.1 On-road Enforcement

On-road enforcement involves an LTS Inspector verifying vehicle condition and key documentation such as their TNC or taxi driver license (Control #12). These inspections occur while inspectors are on the road at areas where livery vehicles typically stage, for example the TNC staging areas at the Calgary airport or downtown taxi stands. We examined 447 enforcement actions resulting from inspections, which resulted in 28 vehicles being taken out of service (15 related to security cameras not functioning and 2 to individuals driving without the appropriate licences).

We analyzed taxi and limousine on-road inspections using POSSE data and calculated fleet coverage for each. A vehicle was considered “covered” if it was inspected by an LTS Inspector at least once during the audit period. Although TNCs are subject to on-road inspections, they were not included in our analysis, since detailed information on TNCs inspected is captured in paper logs outside POSSE (Recommendation #4).

This analysis was provided to LTS to support setting enforcement objectives and measures (Recommendation #3) along with determining the best enforcement approach for a particular livery service provider. On-road enforcement coverage is one aspect of enforcement performance. Additional data should be considered when developing enforcement objectives, such as number of trips and miles driven per vehicle, and history of compliance. As a result, we did not opine on the sufficiency of coverage calculated. Coverage results are included in the following graph:



During an inspection LTS Inspectors may issue an Inspector’s Order to correct a vehicle defect (Control #19). At the time of our testing there were five outstanding Inspector’s Orders aged over 60 days. Since there was no evidence of follow-up by LTS Inspectors, we recommended implementing a defined process to follow-up on overdue orders

(Recommendation #6) and improving the design of the POSSE report used to identify them (Recommendation #7).

3.2.2 Complaint Handling

LTS' approach to complaint handling (Control #6) has evolved to encourage the public to submit complaints directly to 311, rather than requiring brokerages to transmit complaint data, as specified by section 135 of the LTS Bylaw (Control #7). LTS has communicated the complaint intake process to the public through safety campaigns and decals on taxis. LTS advised they are working to raise awareness of the 311 intake process for TNC driver complaints (e.g. including wording on the customer receipt). We recommended LTS define the complaint process, including roles and responsibilities and update the LTS Bylaw accordingly and work with industry participants to ensure that concerns are communicated and can be resolved. (Recommendation #9).

In addition to receiving complaints from the public via 311, LTS receives referrals from CPS and 9-1-1 (Control #10). The 9-1-1 referral process was proactively implemented by LTS in August 2018. We recommended strengthening this process by incorporating it into a 9-1-1 standard operating procedure (Recommendation #14).

Once a complaint is received by LTS it is investigated by the enforcement team as part of in-office reviews. We extracted a listing of complaints with keywords that could indicate a higher risk matter and reviewed actions taken on all 13 items within this population. Complaints tested were closed in a timely manner and resolved in accordance with the LTS legal framework (LTS Bylaw, Traffic Safety Act and Provincial TNC regulations) and philosophy of progressive enforcement through education.

Enforcement actions for five out of the 13 complaints tested were not documented in POSSE. Proper documentation supports LTS' philosophy of enforcement through education, which depending on the seriousness of the offense starts with warnings that can be followed by a range of options, such as, fines for future offenses. As a result, we recommended consistent documentation of enforcement actions in POSSE supported by supervisory review (Recommendation #10).

Availability of taxi security camera footage supports LTS and CPS investigations and a differing treatment of taxi drivers when charged with an offense under the criminal code. We noted two instances where taxi security camera footage could not be obtained. One instance was from the above sample of 13 complaints and the other was from a License Review Hearing, tested as part of our sample of 11 CPS non-recommendations under section 3.1.1. Additionally, LTS Enforcement statistics from January 1, 2018 to October 31, 2018, identified 15 instances where security camera footage could not be obtained. We recommended a root cause analysis with subsequent changes to the inspection and licensing process to ensure security camera footage is provided (Recommendation #1).

3.2.3 Data Analysis

Starting April 2018, LTS have proactively used trip data, received from a TNC provider on a weekly basis, to identify individuals driving without an active Transportation Network Driver's License (TNDL) (Control #13) and vehicles with an overdue mechanical inspection. LTS can then work with the TNC provider to prevent the driver from accepting additional trips.

We examined 9 out of the 22 trip data reviews and confirmed that this review was completed consistently and follow-up was occurring for individuals driving without a TNDL. LTS' analysis of trip data provides coverage of all TNC drivers and vehicles and is utilized as an efficient and effective approach to identify safety concerns related to unlicensed drivers and overdue mechanical inspections. Expanding analysis of trip data to taxis and other TNCs, using a risk-based approach, will enhance mitigation of targeted safety risks (Recommendation #5) since the analysis requires less resource time and achieves full coverage compared with other enforcement activities, and easily scales with any growth in number of drivers.

We would like to thank staff from LTS and Calgary Community Standards for their assistance and support throughout this audit.

4.0 Observations and Recommendations

4.1 Verification of Camera Operation

Testing of licensing and complaint handling processes and a review of LTS enforcement statistics identified 17 instances where security camera video footage could not be obtained. In addition, although LTS Inspectors verify taxi security camera operation when the taxi is first registered and through random on-road enforcement, security camera operation is not verified on a defined frequency. LTS should analyze the cause of unavailable footage and implement a process to verify security camera operation consistent with other mechanical parts, where applicable. Operational security cameras and availability of footage support the successful resolution of LTS and CPS investigations and driver and passenger safety.

Testing of licensing and complaint handling processes during the audit identified one complaint resulting from a fare dispute and one license review hearing related to a serious offense, where video footage could not be obtained. Additionally, we reviewed LTS enforcement statistics and noted 15 unsuccessful footage requests from January – October 2018. We did not see any evidence of root cause analysis for the instances identified where camera footage could not be supplied.

LTS Inspectors check security camera operation to ensure the camera lights are working (power, recording, GPS) when a new vehicle is registered and through random on-road enforcement. The inspection at the time of registration is not documented on the ELVIS inspection form. Security camera inspections are not included as part of the ELVIS mechanical inspections, which are verified every six months through an Enhanced Livery Vehicle Inspection Standards (ELVIS) inspection, since security cameras are not part of required mechanic qualifications.

The presence of a security camera is used as the basis for differing treatment between taxi and TNC drivers when charged with certain offenses under the criminal code. Taxis are required to have a working security camera installed, which is not a requirement for TNCs. Under the provincial regulations TNC drivers will automatically have their license revoked when charged with certain criminal offenses. However, should a taxi or limousine driver be charged with a criminal code offence, LTS reviews the situation and the licence may be immediately suspended, pending the outcome of a Licence Review Hearing.

Recommendation 1

The Deputy Chief Livery Inspector conduct a root cause analysis to identify the causes of unavailable security camera footage. Based upon the results of this analysis identify and implement changes to the inspection and licensing process to remedy the unavailability of this footage.

Management Response

Agreed.

Action Plan	Responsibility
<p>Phase 1 – In conjunction with LTS investigations Livery Officers will submit request for camera footage. In circumstances where camera footage is unavailable, the reason will be documented.</p> <p>Phase 2 – Compile results of unavailable camera footage data, engage with industry regarding observations, and implement LTS process changes as necessary.</p>	<p><u>Lead</u>: Deputy Chief Livery Inspector</p> <p><u>Support</u>:</p> <p><u>Commitment Date</u>: Phase 1 – July 31, 2019 Phase 2 – October 31, 2019</p>

Recommendation 2

The Deputy Chief Livery Inspector amend the new vehicle inspection form used by LTS Inspectors to ensure the inspection of the security camera is documented.

Management Response

Agreed.

Action Plan	Responsibility
<p>The vehicle inspection form has been updated to ensure the inspection of the security camera is documented.</p>	<p><u>Lead</u>: Deputy Chief Livery Inspector</p> <p><u>Support</u>:</p> <p><u>Commitment Date</u>: December 18, 2018</p>

4.2 Enforcement Strategy

Although LTS conducts regular vehicle inspections and data analytics to support passenger safety, LTS does not have a defined enforcement strategy that integrates on-road activities, in-office reviews and data analytics. LTS should have a documented strategy that includes objectives and measures, along with a process to monitor outcomes, which supports efficient and effective resource allocation.

We reviewed current activities and identified the following opportunities that could be incorporated into an enforcement strategy.

Establish On-road Inspection Targets

Currently LTS Inspectors identify enforcement inspection locations based on experience (e.g. taxi stands, event staging areas and the Calgary airport). Inspections include checking vehicle condition and driver’s licenses. We reviewed POSSE data from September 1, 2017 to August 31, 2018 and noted that 77% of the taxi fleet and 33% of the limousine fleet was subject to at

least one random inspection. We also noted that 23% of the taxi fleet was inspected four or more times.

We could not determine coverage of the TNC fleet since detailed information on TNC vehicles inspected is manually recorded on paper logs. Although LTS manually enters summary statistics on the number of TNC inspections in POSSE, current functionality does not include TNC enforcement workflows to capture the details of these inspections, including deficiencies identified.

LTS management could consider using coverage percentages as objectives and measures to determine adequacy of the overall strategy.

Implement Cost Effective In-office Reviews

Audit reviewed the websites of six TNCs and identified one that was taking bookings by telephone which is not permitted by the LTS Bylaw and another that appeared to be accepting rides despite having a suspended license. LTS should ensure structured periodic monitoring of TNC websites to ensure compliance with the LTS Bylaw. The review should include identification of new apps in use since the app's functionality must meet the requirements of LTS Bylaw Section 54.8.

Data Analytics

See section 4.3 Trip Data Review.

Recommendation 3

The Chief Livery Inspector define and document an enforcement strategy that integrates on-road, in office and data analytic activities and includes:

- Objectives and measures that consider the different business models that exist within the industry;
- Processes for monitoring performance and making necessary adjustments as appropriate; and
- Data requirements to support the strategy.

Management Response

Agreed.

Action Plan	Responsibility
<p>Phase 1 - Based upon a review that includes a targeted enforcement matrix and an analytical review of livery ‘hot spots’, determine an enforcement model that includes objectives and measures.</p> <p>Phase 2 - Update the policy and procedure manual to reflect the new strategy. Review performance against measures and adjust as required.</p>	<p><u>Lead</u>: Chief Livery Inspector</p> <p><u>Support</u>:</p> <p><u>Commitment Date</u>: Phase 1 – September 30, 2019 Phase 2 – March 31, 2020</p>

Recommendation 4

The Chief Livery Inspector upgrade POSSE functionality to ensure that full details of TNC enforcement activities can be captured electronically.

Management Response

Agreed.

Action Plan	Responsibility
<p>Discovery to explore required enhancements with LTS project team.</p> <p>Engage Corporate POSSE Project Team to define enhancements and determine Project Charter including timelines and budget. The Project Charter will be approved by the Project Sponsor.</p>	<p><u>Lead</u>: Chief Livery Inspector</p> <p><u>Support</u>: City IT – POSSE Support Team</p> <p><u>Commitment Date</u>: September 30, 2019</p>

4.3 Trip Data Review

The Geospatial Analyst started a weekly review of trip data in March 2018, and a monthly review of active drivers in August 2018, for one TNC. Through the reviews, the analyst identified overdue mechanical inspections and drivers that were driving without a valid TNDL. The review of trip data is an effective and efficient control to identify drivers that are operating a vehicle without a valid LTS license or a vehicle that requires an inspection. The review should be expanded to encompass all brokerage and TNC trip data, using a risk-based approach, to further mitigate risks to passenger safety.

TNC and brokerages are required to submit trip data to LTS. We reviewed a sample of nine weekly reviews of trip data and confirmed LTS resolved all instances of drivers operating without a valid TNDL.

The Geospatial Analyst advised there was a one-time review of taxi trip data for three out of the five brokerages during the audit period. The review was prompted by an LTS Inspector identifying a taxi driver without a Taxi Driver's license through on-road enforcement. Other brokerages were not included as LTS is currently working with them and City Information Technology to bring the data into a data warehouse that supports effective trip data analysis. Other TNC were not included as LTS management is using a risk-based approach and prioritizing obtaining trip data from larger providers first.

There may be additional opportunities to utilize trip data to support LTS enforcement and identify instances of non-compliance with the Bylaw. For example:

- Confirming if a driver meets the requirements of the upcoming Accessible Taxi Incentive Program; and
- Verifying compliance with Section 86 of the LTS Bylaw related to consecutive off-duty hours. We observed trip data for January 8, 2018, and January 9, 2018, and identified 13 and 15 driver IDs respectively that had over 18 hours of activity (booked-in, signed-on or meter-on). This information is not conclusive by itself but when combined with other information, such as a complaint, could indicate a driver did not have enough consecutive off-duty hours.

Recommendation 5

The Chief Livery Inspector expand the periodic review of trip data for brokerages and TNC, using a risk-based approach, to include identification of:

- a) Unlicensed drivers and overdue inspections on a defined frequency; and
- b) Additional Bylaw non-compliance (e.g. insufficient consecutive off-duty hours).

Management Response

Agreed.

Action Plan	Responsibility
<p>a) Effective October 2018, the Geospatial Analyst began conducting a weekly review on Taxis to ensure they are operating as a licensed driver</p> <p>b) LTS will be expanding the use of trip data in 2019 as part of the Accessible Taxi Incentive Program to confirm if a driver meets the eligibility requirements to receive the subsidy. In addition, LTS will continue to use trip data to support the investigation of complaints. This would include pulling trip data where a driver appeared to be tired.</p>	<p><u>Lead</u>: Chief Livery Inspector</p> <p><u>Support</u>: LTS Issue Strategist</p> <p><u>Commitment Date</u>: December 31, 2021</p>

4.4 Inspection Order Follow-up

LTS Inspectors utilize a POSSE generated report (Hotlist Report) to identify outstanding Inspector's Orders that require follow-up. LTS Inspectors did not adequately follow-up on all five Inspector Orders outstanding for over 60 days noted in the September 27, 2018 Hotlist Report. In addition, the Hotlist Report format did not contain all key information necessary to efficiently identify outstanding inspection orders. Outstanding Inspector's Orders should be effectively identified and followed up on a timely basis to ensure vehicles are fit to operate and do not compromise passenger safety.

Inspector Order Follow-up

We tested all five Inspector's Orders (three taxis and two TNC vehicles) aged over sixty days identified on the September 27, 2018 Hotlist Report and noted there was no evidence of follow-up. Two orders related to the replacement of tires (one for front tires and another for rear tires), two related to windshield replacement, and one related to a cracked bumper.

Hotlist Report Design

We reviewed the design of the Hotlist Report. The Hotlist Report was 30 pages long and included information that was less relevant such as information on expired TNDLs. Additionally, the Hotlist Report did not capture vehicles-for-hire vehicle inspection orders since these are manually tracked on a separate spreadsheet (See POSSE recommendation #7 above). Finally, the Hotlist Report did not capture drivers that LTS Inspectors may wish to locate for reasons other than an Inspector's Order. Testing of complaints identified a driver that LTS was unable to contact and trip data indicated they were continuing to drive. Including such drivers on the Hotlist Report will support ongoing follow-up by allowing LTS Inspectors to identify these drivers when conducting on-road enforcement activities.

Recommendation 6

The Deputy Chief Livery Inspector implement a defined process for following up on outstanding inspection orders including:

- Guidelines for expected follow-up and escalation based upon the age and priority of the order (e.g. calling driver at x days, requesting trip data and contacting the brokerage/Transportation Network Company at x days); and
- A process for tracking follow-up on overdue items, for example assigning an internal service request to a Livery Transport Services Inspector using the 311 system.

Management Response

Agreed.

Action Plan	Responsibility
<p>The Deputy Chief Livery Inspector has taken action to implement a defined process for following up on outstanding inspection orders including:</p> <ul style="list-style-type: none"> • Guidelines for expected follow-up and escalation based upon the age and priority of the order (e.g. calling driver at x days, requesting trip data and contacting the brokerage/Transportation Network Company at x days); and • A process for tracking follow-up on overdue items, for example assigning an internal service request to a Livery Transport Services Inspector using the 311 system. • This process will be documented as part of an SOP. 	<p><u>Lead:</u> Deputy Chief Livery Inspector</p> <p><u>Support:</u></p> <p><u>Commitment Date:</u> March 29, 2019</p>

Recommendation 7

The Licensing Coordinator improve the design of the POSSE Hotlist Report by:

- a) Including vehicles-for-hire;
- b) Removing information that is not relevant and actionable by LTS Inspectors; and
- c) Expanding the scope of this report to include information on drivers that LTS is attempting to locate for a reason other than an inspection order.

Management Response

Agreed.

Action Plan	Responsibility
<p>Part 1 - Including vehicles-for-hire and removing irrelevant information will be part of the discovery to explore required enhancements with LTS and Corporate POSSE Project Team.</p> <p>Part 2 - An SOP will be created that defines the inclusion of information on drivers that LTS is attempting to locate for a reason other than an Inspector's Order.</p>	<p><u>Lead</u>: Licensing Coordinator</p> <p><u>Support</u>: City IT POSSE Support Team</p> <p><u>Commitment Date</u>: Part 1 – September 30, 2019 Part 2 – March 29, 2019</p>

4.5 Monthly Demerit Point Check

Although we verified the monthly demerit check, of drivers with six or more demerit points at the time of licensing or last renewal, was performed in December 2017 and July 2018, we were not able to verify that the monthly check was performed throughout the audit period since evidence was not retained. Monthly demerit checks should be formalized and include documentation retention requirements to ensure that LTS revokes driver licenses where drivers exceed the maximum of nine points allowed under the LTS Bylaw. Periodic demerit checks ensure continued compliance with the LTS Bylaw and passenger safety prior to the driver's license renewal, which could be up to thirteen months away.

Based upon discussions with LTS Management the demerit checks are performed monthly and are captured in POSSE by inserting the "Enforcement Demerit Check" process or entering a note when the number of points changes. We reviewed POSSE data and verified the checks took place in December 2017 and July 2018. However, documentation was not retained to verify demerit checks took place for the remaining months during the audit period.

Recommendation 8

The Licensing Coordinator ensure Livery Transport Services performs a demerit point check for taxi, limousine and transportation network drivers on a defined frequency (e.g. quarterly) and retain documentation of the check.

Management Response

Agreed.

Action Plan	Responsibility
LTS will update the Licensing Assistant training manual to capture a formal process for the monthly demerit point check, including documentation that should be retained.	<u>Lead:</u> Licensing Coordinator <u>Support:</u> <u>Commitment Date:</u> March 29, 2019

4.6 Livery Complaint Process

LTS staff advised the main process for complaint handling is to encourage the public to submit complaints through The City’s 311 Service. The process outlined in Section 135 of the LTS Bylaw, which requires transmission of complaints received by brokerages to LTS within 24 hours of receipt is no longer followed. The complaint process, including LTS and industry roles and responsibilities, should be defined and included in the LTS Bylaw to ensure that concerns related to driver conduct and vehicle condition are identified and resolved.

Based upon inquiry with LTS management, The City’s 311 Service is used as the intake for Livery complaints. LTS has been raising public awareness through decals on the back of taxis that direct Livery complaints to 311. As part of testing, audit visited the “Contact us” section of five brokerage websites. One out of the five brokerage websites included information on submitting complaints to LTS through 311 processes.

We analyzed 311 complaints submitted during the audit period and noted that, based on TNC keyword search, TNCs represented 8% of all 311 complaints directed to LTS. Since TNCs represent 30% of all trips, complaints related to TNC drivers appear to be underrepresented compared with trip volumes. Unlike taxis, TNC vehicles do not display decals informing passengers of the option to submit complaints to 311. In addition, there is no requirement in the LTS Bylaw for TNC to transmit complaints received. LTS advised that they are working to raise awareness with respect to the intake of complaints through 311 for TNC drivers complaints (e.g. including wording on the receipt).

Recommendation 9

The Chief Livery Inspector:

- a) Define the complaint process, including Livery Transport Services and industry roles and responsibilities, and update the Livery Transport Bylaw accordingly; and
- b) Work with industry participants to implement appropriate messaging for customer facing communications, such as websites, ride receipts and Software Applications.

Management Response

Agreed.

Action Plan	Responsibility
<p>a) Update the Livery Transport Bylaw to reflect expectations of the complaint process.</p> <p>b) LTS will engage companies operating an App to discuss the options available to implement regarding the customer being advised to contact 311 to report a complaint.</p> <p>LTS will provide the company with an implementation date. An audit of each company's App will be conducted (including modifications) and noted in the POSSE record.</p>	<p><u>Lead</u>: Chief Livery Inspector</p> <p><u>Support</u>:</p> <p><u>Commitment Date</u>:</p> <p>a) December 31, 2022 b) October 31, 2019</p>

4.7 Livery Complaint Enforcement Action Documentation

LTS Inspectors did not consistently document enforcement action taken against drivers in POSSE following complaint investigations. LTS Inspectors should document enforcement actions in POSSE, including warnings, to support effective enforcement based on LTS' model of enforcement through education, and mitigate the risk that front counter staff renew a license in error.

Since LTS' enforcement is based on a model of enforcement through education, LTS Inspectors typically issue a warning for the first instance of a violation, unless the violation represents a serious risk to driver and passenger safety. LTS Inspectors have a range of options for future violations that include fines and License Review Hearings. Documentation of all enforcement action ensures that repeat violations are escalated.

Audit reviewed a sample of 13 complaints. LTS Inspectors did not document the enforcement action taken for five of the 13 complaints in POSSE. In addition, front counter staff renewed the license for one of the five in error. The complaint in question was of a serious nature.

Recommendation 10

The Deputy Chief Livery Inspector ensure LTS Inspectors document enforcement actions in POSSE, including warnings, through education supported by spot checking POSSE.

Management Response

Agreed.

Action Plan	Responsibility
SOP that requires enforcement actions be documented in POSSE will be created. The Deputy Chief Livery Inspector and Sergeant will ensure proper POSSE documentation.	<u>Lead:</u> Deputy Chief Livery Inspector <u>Support:</u> <u>Commitment Date:</u> April 30, 2019

4.8 Insurance Coverage on Brokerage Renewals

Although LTS reviews insurance coverage for brokerages and TNCs as part of the license application, LTS does not review insurance coverage for license renewals beyond requiring a policy number. In practice, insurance for taxi and limousine vehicles is covered by the brokerage's fleet policy. TNC drivers can be covered under a TNC insurance policy or by their own policy. LTS should review proof of insurance based on insurance coverage to ensure that adequate liability coverage is maintained for vehicles within the brokerages' fleet and the TNC network. In most cases the review would take place when brokerages and TNCs renew their licenses.

Taxi and Limousines

Section 132 of the LTS Bylaw requires that brokerages ensure that each vehicle (limousine or taxi) they dispatch is insured. As noted above, brokerages have a fleet policy that covers taxis and limousines. LTS management advised that new applications for brokerages and TNC must provide the complete insurance policy and yearly renewals require only the policy number.

Vehicles-for-hire

When registering a TNC an election is made regarding responsibility for purchasing insurance coverage. Currently, most TNC drivers are covered by a TNC policy (Standard Policy Form 9 (SPF 9)), which is used in conjunction with their own personal policy. The SPF 9 provides coverage when transporting or driving to pick up passengers. LTS Bylaw Section 87(2) (d) requires that drivers provide proof of insurance as part of the registration of their vehicle-for-hire. However, in practice, LTS verifies the driver's personal insurance policy when issuing the Transportation Network Driver Licence (TNDL), which may not be the right policy since most drivers are covered under the SPF9.

Recommendation 11

The Licencing Coordinator:

- a) Review proof of insurance coverage as part of the TNC and brokerage license renewal process; and
- b) Consider reducing insurance verification in other areas, such as within the TNDL licensing process.

Management Response

Agreed.

Action Plan	Responsibility
<p>a) We will be obtaining proof of TNC and brokerage insurance as part of the licence renewal process. The Livery Assistant Training Manual will be updated to reflect this new process.</p> <p>b) Verification of personal insurance will continue for TNDL holders. This provides LTS comfort that insurance coverage is in place whenever a TNC vehicle is on the road and reflects the variety of insurance models for TNCs.</p>	<p><u>Lead:</u> Licencing Coordinator</p> <p><u>Support:</u></p> <p><u>Commitment Date:</u> March 29, 2019</p>

4.9 Broker Approved Accessibility Training

LTS has not reviewed hands on accessible taxi training conducted by taxi brokerages since program inception in 2006. LTS should review internal and brokerage training programs periodically to ensure quality and consistency and to incorporate changes in practices that can best ensure the safety and service of accessible taxi users.

Discussions with LTS indicated that accessibility training is delivered by two approved brokerage programs and directly by LTS Inspectors for the other brokerages. LTS has not reviewed the brokerage training since Access Calgary's review in 2006 at the time of initial approval of the program and has not periodically reviewed internal training programs.

Recommendation 12

The Chief Livery Inspector implement a process to review hands on accessible taxi training delivered internally and by brokerages every three years and incorporate emerging industry issues and results of on-road enforcement and 311 complaint resolution.

Management Response

Agreed.

Action Plan	Responsibility
<p>Phase 1 - Define quality standards for wheelchair securement and customer assistance (curb stops) and create a SOP.</p> <p>Phase 2 - Evaluate Broker's training and provide feedback.</p> <p>Subsequent to the completion of phase 2 LTS will include a step in their work plan to every three years evaluate if emerging industry issues, results of on-road enforcement and 311 complaint resolution necessitate a quality standards revision. This will be in addition to ongoing reviews of complaints and discussions with industry stakeholders.</p>	<p><u>Lead:</u> Chief Livery Inspector</p> <p><u>Support:</u> Calgary Transit Access</p> <p><u>Commitment Date:</u> Phase 1 -September 30, 2019 Phase 2 - December 31, 2019</p>

4.10 Vulnerability Sector Search Supporting Documentation

The CPS letter that confirms the result of the police information check was not retained on file for two applicants, who were required to submit fingerprints to verify a possible Vulnerable Sector (VS) search hit. These applicants received a CPS non-recommendation that wasn't related to the VS screening component of the police information check and went to a License Review Hearing. Retaining this letter will provide LTS with the support that VS fingerprinting was completed, and no additional information needed to be considered at the License Review Hearing.

LTS request police information checks for all new and renewal driver's license applications. Police information checks for new applications include VS screening that identifies matches based on name, gender and date of birth. Possible matches require the driver to provide fingerprints for additional screening. CPS provide the results of the police information check (letter or email), including fingerprinting where applicable in a letter or email.

Recommendation 13

The Chief Livery Inspector ensure that LTS maintains copies of the fingerprint results letter from CPS in all cases where fingerprinting is required, and includes cases involving a License Review Hearing.

Management Response

Agreed.

Action Plan	Responsibility
<p>These two instances were related to human error by Livery Licencing Assistants and the process is to retain copies of this letter. The Licencing Coordinator has reiterated to the team the importance of retaining this documentation and will ensure the Livery Licencing Assistant Licencing manual reflects this process.</p>	<p><u>Lead</u>: Licencing Coordinator</p> <p><u>Support</u>:</p> <p><u>Commitment Date</u>: March 29, 2019</p>

4.11 9-1-1 Standard Operating Procedure

The process for 9-1-1 to notify LTS of complaints related to the Livery Industry was issued as a 9-1-1 Advisory as opposed to a 9-1-1 Standard Operating Procedure (SOP). A 9-1-1 Advisory may become outdated and over time has less visibility than a SOP, which increases the risk that LTS is not notified of serious incidents involving the Livery Industry.

The 9-1-1 Advisory was issued on August 15, 2018 requesting 9-1-1 notify Livery of calls related to the Livery Industry. Notification consists of a Calgary Police Service (CPS) reference number that allows LTS to follow-up with CPS for additional information. 9-1-1 issue approximately 40 – 50 advisories per month to their staff. Unlike SOPs, advisories are not subject to a periodic review as part of the 9-1-1 procedure framework.

Recommendation 14

The Chief Livery Inspector work with 9-1-1 to implement a SOP for 9-1-1 notification of livery incidents where keywords related to the livery industry are referenced during the call.

Management Response

Agreed.

Action Plan	Responsibility
<p>SOP that documents 9-1-1's notification of livery incidents will be created and included in the Policy and Procedure Management system.</p>	<p><u>Lead</u>: Business Strategist</p> <p><u>Support</u>:</p> <p><u>Commitment Date</u>: January 31, 2019</p>

Appendix A: Risk and Controls Matrix

Risk	Control Area	Control Number	Identified Controls (TDL = Taxi Driver Licence, LDL = Limousine Driver Licence, TNDL = Transportation Network Driver Licence)
Driver behavior, conduct or health status is such that they are unfit to provide livery service.	L	1	Each TDL / LDL application and renewal has Calgary Police Service (CPS) licensing recommendation, based upon a police record search (including vulnerable sector search for new applicants). Non-recommendations by CPS result in the Chief Livery Inspector (CLI) or delegate, conducting a licence review hearing or refusing a licence.
	L	2	LTS review the police check (hardcopy or through CPS public e-pic system) provided by each TNDL driver at the time of licensing and renewals. Police checks with disclosures of police records are referred to the enforcement team.
	L	3	Prior to issuing or renewing a TDL, LDL or TNDL the LTS Licensing Assistant ensures applicants have a Class 1, 2 or 4 Alberta operators licence, which requires a medical exam.
	L	4	Prior to issuing or renewing a TDL, LDL or TNDL the LTS Licensing Assistant performs a MOVES (Provincial Motor Vehicle System) check to ensure the applicant has nine or fewer demerit points.
Brokerages and TNC do not comply with the legal requirements for providing livery service.	L	5	Brokerage and TNC applications are approved by the Chief Livery Inspector. New brokerage premises are inspected by an Enforcement Inspector.

Risk	Control Area	Control Number	Identified Controls (TDL = Taxi Driver Licence, LDL = Limousine Driver Licence, TNDL = Transportation Network Driver Licence)
Changes or new information arises related to driver, brokerage or TNC conduct, or driver health status arises between licence renewals, which indicates an unfitness to provide livery service.	E	6	Complaints are received from members of the public through the 311 service and investigated by LTS Inspectors. The Deputy Chief Livery Inspector reviews the outcome of complaints.
	E	7	Per bylaw 135(2) - Brokerages record complaints electronically and transmit them to LTS within 24 hours for investigation by LTS Inspectors. The Deputy Chief Livery Inspector reviews the outcome of complaints.
	L	8	A monthly demerit points check is performed for drivers that have six or more demerit points at the time of licensing or renewal. Drivers that have more than nine points have their licence suspended.
	L	9	Driver licences (TDL/LDL/TNDL) are issued for maximum of thirteen months.
	E	10	Calgary 9-1-1 will notify LTS of incidents where keywords related to the livery industry are referenced during the call.
Driver knowledge is not sufficient to ensure safety of drivers and passengers	L	11	<p>Prior to issuance of a Taxi Driver licence or Limousine Drive licence the Livery Licensing Assistant ensures training and knowledge requirements are met. These are:</p> <ul style="list-style-type: none"> • Taxi drivers complete a training course and associated exam in person or online, which covers safety, bylaw, enforcement and passengers with disabilities. (Note: Additional training requirement for Taxi drivers with an accessible endorsement) • Limousine drivers complete an examination.

Risk	Control Area	Control Number	Identified Controls (TDL = Taxi Driver Licence, LDL = Limousine Driver Licence, TNDL = Transportation Network Driver Licence)
Individuals transport passengers without the appropriate livery licence.	E	12	Through on-road enforcement inspection LTS Inspectors assess the condition of the vehicle, driver, and examine required documentation. Appropriate enforcement action is taken for deficiencies.
	D	13	On a weekly basis the Geospatial analyst reviews a listing of active drivers on the TNC platform to ensure they have a TNDL. The TNC is notified to suspend unlicensed drivers.
Livery vehicles are not fit to operate due to safety related defects, missing security equipment or inadequate insurance coverage.	L	14	Prior to registering a new vehicle against a taxi or limousine plate the Licensing Assistant ensures: a) ELVIS inspection completed in the last thirty days; b) Visual inspection completed by an LTS inspector; and c) Insurance coverage through the brokerages fleet policy.
	L	15	Prior to issuing a TNDL the Licensing Assistant ensures: a) Insurance coverage by reviewing the full binder if the vehicle is not covered under the TNCs SPF 9 insurance (automobile insurance for TNC and their authorized TNC driver) or fleet insurance; and b) ELVIS inspection completed in the last 30 days.
	L	16	Through a POSSE scheduled job LTS notifies brokerages of any vehicles with overdue mechanical inspections or have reached their off-road date. Mechanical inspections are due every six months. Off-road date is after 8 model years.
	L	17	Through a POSSE scheduled job LTS will suspend a TNDL for any vehicles with overdue mechanical inspections or have reached their off-road date. Mechanical inspections are annually or every six months for vehicles that accumulate more than 50,000kms. Off-road date is after 10 model years.

Risk	Control Area	Control Number	Identified Controls (TDL = Taxi Driver Licence, LDL = Limousine Driver Licence, TNDL = Transportation Network Driver Licence)
Livery vehicles are not fit to operate due to safety related defects, missing security equipment or inadequate insurance coverage. (continued)	L	18	LTS licence all inspection stations and mechanics. Prior to issuing a licence inspection stations are inspected by an LTS inspector to ensure they have the appropriate equipment and the LTS Licensing Assistant ensures mechanics have the necessary qualifications.
	E	12	Through on-road enforcement inspection LTS Inspectors assess the condition of the vehicle, driver, and examine required documentation. Appropriate enforcement action is taken for deficiencies.
	E	19	Outstanding inspection orders, where non-compliance is not remedied in a timely manner, are added to a hotlist. Inspectors actively attempt to locate these plates for follow-up.