



Internal audit report - Cycle 1B, Compliance with legislation of taxi licenses

25/0120C/JH



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To the Ministry of Finance
Attn. Ms. M.J. Gumbs, minister
Soualiga Road 1
Philipsburg
Sint Maarten

Philipsburg, March 7, 2025

Number : 25/0120C/JH
Reference : drs. D.M.J. Schrader RA / C.J.I. Lai MBA ACAMS
Subject : Internal audit report – Cycle 1B, Compliance with the legislation of granted taxi licenses

Dear minister,

The purpose of the government of Sint Maarten's Internal Audit function is to provide independent objective assurance and consulting services designed to add value and improve the government of Sint Maarten's operations. The Internal Audit function conducts various investigations and reports the factual findings. From this you can form your own opinion on the extent to which business operations are in control within the organization as well as on the adequacy of the internal control measures implemented.

As part of the execution of the Internal Audit annual plan, we audited the procedures of the compliance with the legislation for the granted taxi licenses process. This in accordance with our addendum, dated march 7, 2024, with reference 24/0187C/EO on the engagement letter, dated June 6, 2023, with reference 23/0361C/SF, accompanying the Audit Charter. This report contains the results of our executed verification activities. In this cycle we particularly focus on the compliance with the legislation of granted taxi licenses process and the presence of sufficient controls, constituting cycle 1b, as outlined in the internal audit plan.

1. Internal audit cycle

Engagement description

Audit cycle 1B refers to the testing of design and existence of the process concerning the issuance of the taxi licenses, in accordance with the requirements of the:

1. National Ordinance Public Transportation and the Island Decree of August 24, 1970.
2. Moratorium policy for public transportation licenses – bus, taxi, & T's:
 - a. As of February 18, 2014 a moratorium is established for the issuance of all new bus, taxi and T permits.



3. Public announcement – public transportation, February 18, 2014.
4. Public announcement – public transportation license holders, June 28, 2023.
5. The Moratorium policy for public transportation licenses. Updated September 2023.
 - a. This policy aims to adjust the latest moratorium of March 1, 2019 (published Mar 21, 2019).
 - b. This updated policy went into effect on September 27, 2023 and will be reviewed within 3 years, if the need arises.
6. Publication public announcement – public transportation license holders, August 24, 2023.

The performed testing also provides an indication of the functioning of the process and of the operating effectiveness of the process. The nature and scope of the Internal Audit activities are such that the results give insight to the management of the applicable Ministry and management team of the Ministry of Finance, which enables them to take corrective actions on that basis.

These results are also in the interest of the external auditor for the audit of the financial statements 2023 and 2024 of the government of Sint Maarten.

Nature and scope of the work

Our procedures were executed in accordance with the fundamental principles of integrity, objectivity, confidentiality, professional behavior, professional competence and due care as promulgated by the Code of Ethics of the Netherlands Association of Accountants ('NBA'). The guidelines and regulations concerning audit and assurance engagements ('NV COS') of the NBA are not applicable to this engagement.

To the extent appropriate within the structure of SOAB, the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the definition of Internal Auditing will be adhered to in the execution of the Internal audit function.

Description of work carried out

As stated in the addendum, we perform the following procedures and report on relevant findings, the risk and recommendations to mitigate outstanding risks.

The following audit activities were performed:

1. Determine that the submitted application documents for the taxi licenses complies with the applicable laws, regulations, and defined procedures.
2. Determine the accuracy and completeness of the submitted application and documentation for approval.
3. Determine that the issuance of the taxi licenses were lawfully issued.
4. Determine that the revenues from the taxi licences have been completely accounted for.
5. Determine that the internal control measures are functioning adequate and are sufficient to mitigate existing risks in the process.

Methodology

The audit was executed based on:

- Document analysis: we performed a document analysis of the legislation surrounding the requirements for obtaining a taxi licence.
- Interviews with the process owners at the ministry of TEATT.
- Risk assessment on the issuance of taxi licences proces.
- Detailed testing on approximately 60% of the total issued taxi licenses between 2023 – 2024.

According to the Institute of Internal Auditor sampling guidelines and statistical literature, when conducting control testing on a population with a calculated control activity rate with less than one control per day, a sample size of at least 25 is often considered sufficient to identify patterns, trends, or anomalies.



Therefore, based on a risk assessment and random sampling, we selected 80 of the total 136 issued taxi license in the period januari 2023 – februari 2024. The sample size was chosen to ensure a critical partial observation of a significant subset of data for the testing of the controls and possible anomalies in the process.

From the selection 80 issued taxi licenses, we received 79 files, with 1 missing and therefore unavailable for auditing. From the 79 issued taxi licenses, 13 applicants transitioned from being assistant drivers to obtaining their own taxi licenses.

In chapter 2, we present our high-level most important findings, which will be further elaborated on in chapter 3. We refrain from making a statement about what these findings imply for the overall efficiency and effectiveness of the execution of the related processes. Intended users are expected to form their own assessment about the significance of these findings for the overall execution of the 'issuing of the taxi license process', based on these observations and any other available information.

Furthermore, when inadequacies have been identified, we have provided recommendations for improvement. You as the management team, along with the secretary-general and the minister, continue to share undivided responsibility for the follow-up on the recommendations from the internal control function.


Consultation

The draft report was sent to the secretary-general of the s on December 14, 2024, for a response. We received a response on the actions on February 21 2025 from the Secretary General of the ministry of Theatt in which is agreed with the findings. The response is added to this report in appendix 2.

2. Findings

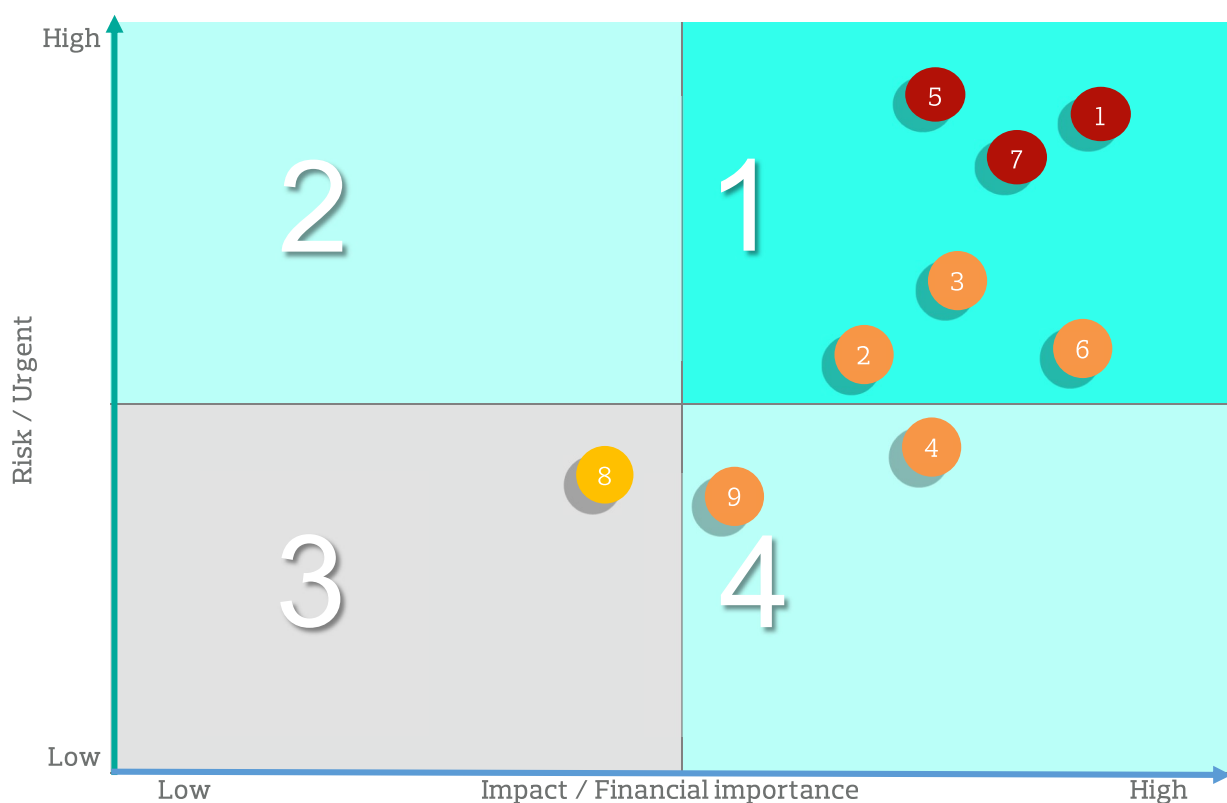
Outlined below are the principal findings relevant to strategic and tactical management. A more detailed explanation of these findings for operational management is provided in chapter 3. High level findings concerning the issuing of taxi license.

2.1. Summary of observations

Critical		<ul style="list-style-type: none"> - Financial risks present are materially above ANG 100.000 in total per year. - Image damage high. - Threat to strategic goals/ continuity risks are often difficult to manage.
Major		<ul style="list-style-type: none"> - Any financial risks present, amount up to a maximum of ANG 100.000 in total per year. - High impact on organizations image. - Consequences for achieving strategic goals.
Moderate		<ul style="list-style-type: none"> - Possible financial risks are limited between ANG 5.000–10.000 in total per year. - Little impact on organizations image. - Hardly any consequences for achieving strategic goals.
Minor		<ul style="list-style-type: none"> - Financial risk is between ANG 0–5.000 in total per year. - No impact on organizations image. - No impact on achievement of strategic goals.



Rating observations



2.2. High level findings concerning Issuance of Taxi licenses

No validity and completeness of applications and documentation requirements

The review of the issuance of taxi licenses highlighted several areas concerning the validity and completeness of application and documentation requirements. Out of 79 new applications, only 26 were fully completed with the required documents, and one included a questionnaire (inlichtingenstaat). For proof of identity, 65 applicants submitted a valid ID or passport, and 67 provided a driver's license, all of which were colored and valid. Regarding tax information, applicants were required to submit the cover page of their 2022 income tax return; however, only 52 complied, 27 failed to provide it, and one applicant submitted information from an incorrect year. Additionally, for applicants over 60 years old, there was a requirement to submit proof from a general practitioner, but none of the 14 applicants in this category met this requirement. Lastly, all applicants were required to submit a civil registry extract not older than six months, with 61 submitting within the allowed period, 9 providing outdated documents, and 9 failing to submit this form altogether.



The fact that so many of the legally required documents for the application are missing indicates that there is no control on the completeness and correctness of the intake/allocation process. Detailed information on the findings is provided in chapter 3.

Lack of risk management and adequate internal control measures

The review identified several critical findings concerning to process and risk management. Insufficient measures for segregation of duties and control were observed, as the entire licensing process is handled by a single individual, the senior license officer, increasing the risk of errors or bias. In terms of compliance and security checks, it was noted that these checks, particularly for insurance validation and vehicle inspection by public transport authorities, should be carried out by the Receivers' office when a license plate is collected. However, there is a lack of coordination between the senior license officer and the Receivers' office to ensure these checks are reliably and completed.

Additionally, the legislation and advisory committee requirement, as stated in Article 4, mandates that applications be assessed and approved by an advisory committee, yet currently, no advisory committee is in place, which raises the risk of issuing unverified or preferential permits.

Application Process and Compliance

Assistant Drivers' Applications:

- In the case of applications for assistant drivers, the civil registry extract of the owner, not older than 6 months, also had to be submitted. There were none applications for assistant drivers as these entered an application to become the owner of a taxi license.
- Payment verification:
For the application, a payment must be made based on the type of permit. Of the 79 applications, there is no proof of payment present in the files. Therefore a copy of the proof of payment must be administered in the drivers file, which was not the case through our selection. We tried to trace through the receivers office the payments made for the Taxi license plates. The applicable rate to make special use of public roads is regulated by the National ordinance on passenger transport. art. 25. paragraph 2. It states that the rate for processing an application for a permit to operate a Taxi service is ANG 20 for one cab and ANG 70 with multiple cabs.

We have consulted with the Receivers office to trace the 79 payments in question. Of the list of taxi license holders, only 47 payments have could be traced back in the system. For 12 of these 47 payments, it was not to be determined, based on the name of the license holder of the taxi license, that a payment for the taxi numberplate was made. This is because the name of the license holder could not be traced in the system. Perhaps in these cases the payment was made in some other way or by somebody else. From the remaining 35 cases, it was determined that these have paid the for the taxi license plate in the period of 2023-2025. However, what has not been paid in any of the 47 cases concerns the ANG 20 or ANG 70 processing fee for a permit to operate a taxi service.

- Nationality and Residence Permits:
It is stated that the applicant must have a Dutch nationality; if that is not the case, the applicant must submit a valid residence permit. Of the 79 applications, 47 had Dutch nationality and 32 did not have Dutch nationality. Of the 32 applicants who did not have Dutch nationality, only 29 submitted a residence permit, of which 26 of the residence permits were valid.

Our findings raises concerns about compliance with the legal and regulatory frameworks/laws and regulations for the purpose of legality of transactions and the issues taxi licences. This deficiency could lead to potential challenges in demonstrating transparency and fairness in the issuing of taxi licenses and possible violation of stipulated laws and regulation.



3. Findings, risks and recommendations

Process in practice

The involved actors in the process and process activities are:

1. Ministry of TEATT, Economy, Transportation and Telecommunication Department, Senior Officer of the Department of Economic Licenses.
2. Ministry of TEATT, Economy, Transportation and Telecommunication Department, Head of the Department of Economic Licenses.

Analysis of the moratoriums and policies:

The transportation policies in St. Maarten have evolved significantly to regulate the issuance and management of public transportation licenses. The **Landsverordening inzake het vervoer van personen met motorrijtuigen op de openbare weg tegen vergoeding**, effective **May 30, 2015**, outlined the foundational framework for public transportation licenses, detailing the types of licenses such as taxi, bus, tour vehicle (T plates), and unregulated transportation (G plates), and specifying that permits could not be leased or transferred without authorization from the Minister of Tourism, Economic Affairs, Traffic, and Telecommunication (TEATT). It also prohibited issuing licenses to individuals under 21 years of age and prioritized proper vehicle registration and compliance. Following this, the government introduced a **moratorium on February 18, 2014**, which restricted the issuance of new bus, taxi, and T permits to prevent market saturation and address outdated 1969–1970 regulations. This policy, as governed by the **National Ordinance Public Transportation and the Island Decree of August 24, 1970**, allowed for the reallocation of licenses upon the death or revocation of a holder but prohibited the issuance of G plates for tour operations.

On **March 1, 2019**, an update reaffirmed the moratorium's intent, maintaining restrictions while improving monitoring. However, a more comprehensive shift occurred on **September 27, 2023**, when the moratorium was replaced by a cap system. Caps were established to manage the total number of licenses, with **limits set at 300 bus permits, 550 taxi permits, 240 T permits (tour vehicles), and 90 G permits (unregulated transportation)**. This system, as published in the **Landsverordening van Sint Maarten**, introduced stricter application criteria, including proof of financial and operational compliance, and emphasized that licenses unused for over a year would be revoked beginning **January 1, 2024**. Leasing of licenses was explicitly prohibited, and license issuance was conducted on a first-come, first-serve basis, prioritizing Dutch nationals. These policies aimed to modernize the transportation sector, reduce oversaturation, and ensure equitable access to licenses while aligning with economic growth and public service demands.

Based on the nature of the findings, we note that the elimination of a moratorium should be accompanied by robust internal control system, including reliable and secure internal recording/registry and records of the Taxi number plates issued and required controls on compliance with regulatory requirements.

To optimize internal control around the regulation and management of transportation licenses in St. Maarten, several measures can be implemented to enhance reliability, transparency, and compliance. Here are key recommendations:

Internal control necessity	Recommendation
<i>Establish a Centralized Digital Registry System</i>	A centralized, secure digital registry should be developed to manage all types of transportation licenses. This system should: <ul style="list-style-type: none">- Record all license details, including the type, holder information, issuance date, expiration date, and vehicle registration.- Track changes such as transfers, revocations, and reallocation of licenses.- Include functionalities for real-time updates and access to relevant stakeholders.- Ensure audit trails for any modifications to the records.
<i>Implement Regular Audits</i>	Conduct periodic internal and external audits of the licensing process. Audits should: <ul style="list-style-type: none">- Verify compliance with caps/ law and other regulatory criteria.







Internal control necessity	Recommendation
	<ul style="list-style-type: none"> - Assess the accuracy of data in the centralized registry. - Identify and address anomalies, such as unused licenses or unauthorized leasing.
<i>Strengthen Application and Issuance Procedures</i>	<p>Enhance the procedures for issuing and renewing licenses by:</p> <ul style="list-style-type: none"> - Requiring applicants to submit comprehensive documentation, including proof of financial capability, operational compliance, and adherence to vehicle safety standards. - Cross-checking applicant information against other government databases (e.g., tax records, residency, or vehicle registration). - Automating the approval process where possible to reduce manual errors and ensure consistency.
<i>Monitor Usage and Compliance</i>	<p>Enforce the policy on unused licenses by:</p> <ul style="list-style-type: none"> - Setting automated alerts in the registry for licenses unused for over six months to trigger follow-up actions. - Conducting periodic inspections and operational checks to ensure active license use and compliance with regulations. - Establishing penalties for non-compliance, such as fines or license revocation.
<i>Integrate Stakeholder Feedback</i>	<p>Engage stakeholders, including transportation operators and the general public, to:</p> <ul style="list-style-type: none"> - Solicit feedback on policy implementation and operational challenges. - Use feedback to refine the internal controls and improve service delivery.
<i>Train Staff and Implement Robust Oversight</i>	<p>Ensure all personnel involved in the licensing process are trained in the latest regulatory requirements and operational guidelines. Additionally:</p> <ul style="list-style-type: none"> - Appoint a team responsible for oversight and reporting irregularities. We suggest that the AO/IC department establishes the necessary guidelines and type of reporting for this and monitoring of this process. - Establish whistleblower mechanisms to report any potential fraud or policy breaches.
<i>Leverage Technology for Monitoring and Enforcement</i>	<p>Use GPS and digital monitoring systems to ensure license holders are actively operating within their assigned areas and roles. For instance:</p> <ul style="list-style-type: none"> - Require taxis and buses to install GPS devices to monitor activity levels. - Integrate GPS data with the licensing registry to identify underutilized or misused licenses.
<i>Review and Update Policies Regularly</i>	<p>Establish a schedule for periodic policy reviews to:</p> <ul style="list-style-type: none"> - Evaluate the effectiveness of the cap system and internal controls. - Adjust criteria or processes to align with evolving economic and public transportation needs.
<i>Collaborate with External Oversight Bodies</i>	<ul style="list-style-type: none"> - Work with independent regulators or organizations to provide unbiased assessments of compliance with transportation policies and caps. - By implementing these measures, the internal control system will be more robust, ensuring the effective management of public transportation licenses, reducing misuse, and fostering a more organized transportation sector in St. Maarten.

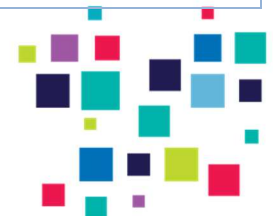
Findings overview




The detailed findings of our investigation are presented in the following table.¹

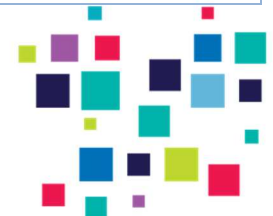
¹ Based on the impact and likelihood of the risk assessment, we have indicated the urgency of the findings and recommendation. Please find attached the description of the different risk scoring in appendix 1.



Finding	Audit Criteria	Detailed description	Risk	Recommendation
Validity and completeness of applications and documentation requirements				
1. Incomplete submission of required documentation for permit applications. 	Moratorium Policy on Public Transportation Licenses (Updated September 27, 2023). 5.2 Application requirements.	Our selection consisted of 80 permits from which we received 79 permit files. One permit file was not received from the department. For only 26 of the 79 applications we received a fully completed application form in the files. In one separate case only 1 application had a fully completed questionnaire (inlichtingenstaat).	<ul style="list-style-type: none"> - Incomplete or inaccurate information regarding the type of request that could lead to processing delays or incorrect handling of applications. - Incomplete application forms and questionnaires can result in processing delays, incorrect assessments, or rejections, affecting the applicant's experience and the organization's efficiency. - Non compliance with legislation. 	<ul style="list-style-type: none"> - Digitalization of the requests and the requested documents to substantiate the request. - Implement a standardized checklist and training for staff to ensure that the type of request and its requirements are clearly indicated and accurately recorded on all applications according to the law. - Introduce pre-submission review step where staff check applications for completeness and accuracy before they are officially submitted. - Additionally, provide clear instructions and support for applicants on how to fill out forms correctly.
2. Inadequate provision of colored and valid copies of required ID or passport. 	Moratorium Policy on Public Transportation Licenses (Updated September 27, 2023). 5.2 Application requirements.	Out of 79 applications reviewed, 65 included a valid and colored copy of either a driver's license or a passport. However, one application included a colored copy that was not valid, and 9 applications included ID's or passports that were not colored. Additionally, 4 applicants were missing an ID or passport altogether.	<ul style="list-style-type: none"> - Non compliance with legislation. - Submission of non-colored or invalid copies of IDs or passports increases the risk of fraud and identity verification issues. 	<ul style="list-style-type: none"> - Require that all ID's and passports are colored copies and perform periodic audits to ensure compliance. - Provide applicants with examples of acceptable document copies to educate on the importance of submitting valid documents.
3. Insufficient submission of colored and valid driver's licenses. 	Moratorium Policy on Public Transportation Licenses (Updated September 27, 2023). 5.2 Application requirements.	In all files reviewed, there was a copy of the driver's license. Out of 79 applications, 67 included copies of driver's licenses that were both colored and valid. However, 1 driver's license was colored but not valid, and 8 driver's licenses were valid but provided as non-colored copies. Additionally, 3 applicants were missing a copy of the driver's license entirely.	<ul style="list-style-type: none"> - Non compliance with legislation. - Non-colored or invalid copies of driver's licenses can lead to issues in verifying the identity of the applicant, posing security risks. 	<ul style="list-style-type: none"> - Ensure that the requirements for colored copies of driver's licenses is clearly communicated to applicants. - Implement a system to verify the validity of submitted documents properly and reject incomplete submission until correct.
4. Lacking submission of required tax returns of previous year. 	Moratorium Policy on Public Transportation Licenses (Updated September 27, 2023).	Of the 79 applications 52 were submitted, 27 applications did not submit a 2022 income tax return. 1 of the submitted tax return was from a different year.	Missing or incomplete income tax returns called to delays in application processing and affect the assessment of	<ul style="list-style-type: none"> - Make the submission of the first page of the income tax return a mandatory field in the application process, with clear guidelines on



Finding	Audit Criteria	Detailed description	Risk	Recommendation
	5.2 Application requirements.		financial eligibility or other criteria.	what is required. - Build in the possibilities to exchange important information with the Receivers of the Inspection office. - Provide assistance for those who need help in obtaining their tax returns.
5. Absence of medical statement for applicants over 60 years old. 	Moratorium Policy on Public Transportation Licenses (Updated September 27, 2023). 5.2 Application requirements.	From the 79 applicants there were 14 applicants that were above 60 years old, none of them submitted a proof from the general practitioner.	Allowing drivers over 60 years of age to operate vehicles without proper health certification could lead to increased safety risks on the road, potential accidents, and liability issues for the government.	- Enforce a strict policy requiring all applicants above 60 years to submit a medical certificate from a general practitioner proving they are in good health and mental condition. - Automate the process through the general practitioner. - Set a verification system to ensure compliance before processing their applications.
6. Lacking up-to-date civil registry documentation. 	Moratorium Policy on Public Transportation Licenses (Updated September 27, 2023). 5.2 Application requirements.	Of the 79 applications, 61 were submitted within the allowed period, 9 of the forms were older than 6 months, and 9 applications did not submit the form.	Submitting outdated civil registry documents can result in processing of inaccurate or outdated information, potentially leading to improper issuance of permits or licenses. The absence of required documents can also cause significant delays in the process.	- Implement a strict documentation submission protocol that flags applications with civil registry extracts older than 6 months or missing documents. - Provide clear guidelines to applicants about the required document validity period.
7. Lacking of proof of payment. 	Moratorium Policy on Public Transportation Licenses (Updated September 27, 2023). 5.2 Application requirements.	For the application, a payment must be made based on the type of permit. Of the 79 applications, there is no proof of payment present, so we cannot confirm whether the payments were made before the issue date. We have consulted with the Receivers office to trace the 79 payments in question. Of the list of taxi license holders, only 47 payments have could be traced back in the system. For 12 of these 47 payments, it was not to be determined, based on the name of the license	- Lack of proof of payment may lead to issues in verifying whether the appropriate fees have been paid, resulting in potential revenue loss and administrative complications. - Issuing licenses before confirming payment can lead to financial	- Establish a mandatory requirement for applicants to submit proof of payment with their applications. - Implement a verification step in the process to ensure that payment has been received and confirmed before issuing any licenses.



Finding	Audit Criteria	Detailed description	Risk	Recommendation
		holder of the taxi license, that a payment for the taxi numberplate was made. This is because the name of the license holder could not be traced in the system. Perhaps in these cases the payment was made in some other way or by somebody else. From the remaining 35 cases, it was determined that these have paid the for the taxi license plate in the peroid of 2023-2025. However, what has not been paid in any of the 47 cases concerns the ANG 20 or ANG 70 processing fee for a permit to operate a taxi service.	discrepancies and potential misuse of the licenses process, resulting in loss of revenue and regulatory compliance issues.	
8. Lacking verification of applicants' Dutch nationality or valid residence permits. 😬	Applicant has a Dutch nationality. Applicant has a residence permit. Residence permit is valid.	The applicant must have Dutch nationality; if that is not the case, the applicant must submit a valid residence permit. Of the 79 applications, 47 had Dutch nationality and 32 did not have Dutch nationality. Of the 32 who did not have a Dutch nationality, only 29 submitted a residence permit, of which 26 of the residence permits are valid.	Processing applications without verifying Dutch nationality can result in non-compliance with nationality requirements.	<ul style="list-style-type: none"> - Ensure each applicant provide valid documentation proving Dutch nationality. - Implement a verification process to cross-check the documents.
9. Lacking verifiable proof of residency for applicants. 😬	Applicant has lived in Sint Maarten in the last two years.	The applicant must have lived in Sint Maarten in the last two years; of the 79 applicants 49 has lived in Sint Maarten during the last two years, of 30 applicants we were not able to confirm if they were living in Sint Maarten in the past two years.	Inability to confirm residency in Sint Maarten for the past two years can lead to ineligible applicants being processed, potentially violating local regulations and policies.	<ul style="list-style-type: none"> - Require applicants to provide verifiable proof of residency. - Implement a verification process to cross-check these documents with local databases.
10. Lacking a consistent and transparent assessment process for taxi license application. 😬	The application is visibly assessed and approved through an advice on whether or not to issue the taxi license by the advisory committee. This is in accordance with Article 4, paragraph 1 and 4.	From all 79 applications it was not visible that the application was assessed and approved through an advice on whether or not to issue the taxi license by an advisory committee. As far as we have been able to determine ther is no Advisory Committee established.	<ul style="list-style-type: none"> - Inconsistent or non-transparent assessment and approval process may lead to unfair or biased decision-making, resulting in potential legal challenges and reputational damage. - Negative advice from the advice committee without proper documentation and rationale can lead to disputes and questions about the fairness of the process. 	<ul style="list-style-type: none"> - Establish clear, documented procedures for the advisory committee to follow when assessing and approving applications. - Require the advisory committee to provide detailed written explanations and justifications for negative recommendations.



Finding	Audit Criteria	Detailed description	Risk	Recommendation
11. Lacking substantiated decisions from the minister. 😡	If the advice from the advisory board committee was negative for the issuance of the permit the minister has to substantiate his decision to grant the taxi license.	For all 79 applications it was not visible that the Minister has substantiated his decision to grant the taxi licenses. Currently, the intake and decision-making process lacks an appropriate segregation of duties and optimal control. The minister must be able to rely on adequate controls in the pre-process for his approval of dispensing.	<ul style="list-style-type: none"> - Signing without a proper control being executed on the tightfullness of the license. - Overruling the negative advice from the advice committee without proper documentation and rationale can lead to disputes and questions about the fairness of the process directly to the minister. 	Require the minister to provide detailed written explanation of his/her overruling the advisory committee (when established).



4. Closing

We trust that we provided you with sufficient information. If our internal audit report requires further clarification of the findings, we would be happy to provide it.

drs. D.M.J. Schrader RA
Senior Manager

Appendix:2




c.c. Ms. R. Howell, secretary-general of the Ministry of Finance
Mr. M. De Weever, secretary-general of the Ministry of TEATT
Mrs. C. Larmonie, head of the Department of Economic Licenses, Ministry of TEATT
Mr. T. Yates, section head AO/IC, Ministry of Finance




Legend for the risk classification:

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	Medium	High	Critical	Critical	Critical
Likely	Medium	High	High	Critical	Critical
Possible	Low	Medium	High	Critical	Critical
Unlikely	Low	Low	Medium	High	Critical
Rare	Low	Low	Medium	High	High

Explanation of classification of risks	<p><i>Medium</i> <i>High impact/Low chance</i></p> <p>Risks that are infrequent but can have a high impact.</p> <p>Continuous monitoring review.</p>	<p><i>High</i> <i>High impact/High chance</i></p> <p>Significant risks that may threaten achievement of organizational goals or continuity.</p> <p>Continuous assessment of risks.</p>
	<p><i>Low</i> <i>Low impact/Low chance</i></p> <p>Risks with relatively low risk.</p> <p>Periodic monitoring of risk.</p>	<p><i>Medium</i> <i>Low impact/High chance</i></p> <p>Low risks that may occur daily (related to daily operations).</p> <p>Periodic assessment of risk</p>

Classification of risks	Explanation	Smiley/Color
<i>Low</i> <i>Low impact/Low chance</i>	<ul style="list-style-type: none"> - Financial risk is between ANG 0–5.000 in total per year. - No impact on organizations image. - No impact on achievement of strategic goals. 	
<i>Medium</i> <i>Low impact/High chance</i>	<ul style="list-style-type: none"> - Possible financial risks are limited between ANG 5.000–10.000 in total per year. - Little impact on organizations image. - Hardly any consequences for achieving strategic goals. 	
<i>Medium</i> <i>High impact/Low chance</i>	<ul style="list-style-type: none"> - Any financial risks present, amount up to a maximum of ANG 100.000 in total per year. - High impact on organizations image. - Consequences for achieving strategic goals. 	



Classification of risks	Explanation	Smily/Color
<i>High</i> <i>High impact/High chance</i>	<ul style="list-style-type: none"> - Financial risks present are materially above ANG 100.000 in total per year. - Image damage high. - Threat to strategic goals/continuity risks are often difficult to manage. 	



Response to SOAB's draft internal audit report – Cycle 1B compliance with legislation of taxi licenses

On September 27th, 2023, the Public Transportation moratorium was replaced with caps to improve the management of the total number of PT licenses, in particular to address the number of Number plates that were being ordered and not being picked up. This results in wasted expenditure of government. The idea and objectives was to “clean-up” the number of licenses, esp. the license plates that were not picked up or being used.

In addition, the requirements to be eligible for a PT license became stricter than before and licenses that had been inactive for at least one year would be revoke as of January 2024. The process that led to the cap system warrants mentioning as the cap system was the alternative, proposed by the Ministry, to lifting the moratorium completely.

In June 2023, the then Minister of TEATT issued a public announcement to PT license holders calling on them to pick up their unused plates at the Receiver's office.

In August 2023, the then Minister of TEATT made a public announcement to PT license holders informing them of the possibility to change their PT license to another PT-type.

Head of the Department of Economic Licenses was out of office during both periods of preparation and making of the public announcements.

The rest of the Ministry's management was not informed of the announcements before they were made.

In September 2023, a third public announcement was made, calling on all assistant drivers who wished to get their own license to come and apply for such on one specific date only in September.

During the period of publication and the date mentioned, both the SG and the Dept. Head of DEL were attending a conference off-island and were, again, not informed beforehand nor were they aware of the then Minister of TEATT's intentions; nor was the then acting SG of TEATT.

Replacing the moratorium with a cap system was the direct result of the activities that took place before then however, nothing changed after September 27th, 2023.

Management was not informed and by-passed as licenses were drafted without an advice and presented directly to, and approved by, the minister without prior review by the Department Head or the SG.

It must be noted that the department of EL had no proper PT license processing procedures in place yet due to there having been a moratorium for so many years before 2023.

The department of Economic Licenses as a whole was not familiar with processing PT licenses due to the fact that PT was processed by another department within TEATT before the moratorium of 2014.

Response to Findings

Notwithstanding all of the aforementioned, we acknowledge the findings as presented and regret that the outcome of the audit that was conducted has proven management's observations and suspicions. The findings of the audit, including the results of the risk assessment, are not taken lightly.

Response to Recommendations

The Ministry has already initiated steps to clean up/update and centralize a digital PT registry as is recommended. It should also be noted that we would like to see some recommendations to avoid/limit the problem specifically related to addressing the discretionary authority and/or direct access and/or

instructions of a decision-maker/Minister that blatantly circumvents established norms, policies and/or procedures. Particular emphasis should be placed on recommending the needed “system” that should be in place to minimize and/or prevent these forms of “modus operandi” with the required protection of the Civil Service. One suggestion could be recommending for these types of sensitive matters to go through another Ministry whereby the decision-maker has no authority to give instructions to that other person/dept and/or Ministry. However, this approach clearly limits the authority of a decision-maker/Minister. While this suggestion, limits their authority, it also protects the Civil Servants that are directly subjugated to the Minister and prevents/minimizes these practices. Consequently, maintains the integrity of the organization and/or country.

The other recommendations are accepted as presented and are being considered/ implemented, where possible and/or necessary esp. taking into account the ministry’s current resources allows for such.

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