



OFFICE OF INSPECTOR GENERAL

City of Chicago

Joseph M. Ferguson
Inspector General

740 N. Sedgwick Street, Suite 200
Chicago, Illinois 60654
Telephone: (773) 478-7799
Fax: (773) 478-3949

FOR IMMEDIATE RELEASE: March 17, 2015

CONTACT: Rachel Leven, (773) 478-0534

OIG Releases Audit of BACP Taxi Inspections

The City of Chicago Office of Inspector General (OIG) has released an audit of the Department of Business Affairs and Consumer Protection's (BACP) taxicab regulatory compliance. OIG's audit examined taxicab regulation during 2013, focusing on the medallion auction process and taxicab safety inspections.

In 2013 BACP held the first medallion auction since 2010, when it generated \$11.9 million in revenue. OIG found that in 2013 BACP as required by Municipal Code, "designed [an auction] to produce the maximum amount of revenues to the city consistent with serving the public interest." However, OIG was unable to verify BACP compliance with all applicable rules and regulations because sales have not been finalized 17 months after bidding closed.

OIG also examined taxicab safety inspections, which BACP itself manage as distinguished from other municipalities such as New York City that have fully or partially privatized function. OIG found,

- BACP completed almost all required semiannual inspections in 2013—inspecting 99.5% of the 6,849 taxicabs;
- BACP did not employ sufficient quality assurance procedures to ensure that all inspections were conducted in accordance with the Department's own standards, including those for brake tests, for which our audit found that the brake testing machine required by Department standards was broken.
- missing safety citation records may prevent BACP from effectively monitoring inspection compliance;

Based on these findings, OIG recommended that the Department address the broken brake testing machine, implement covert and overt audits, and ensure that all safety violations are tracked appropriately. In response, BACP stated that it will conduct overt audits, will update training protocols, and will implement an internal audit to ensure that all taxicabs are in compliance with required annual inspections. Rather than replace the broken brake testing machine, BACP stated that it will change its standards to no longer require use of the machine.

During OIG's audit BACP switched from delivering records of citation by interoffice mail to delivering them by e-mail. While this may have led to some improvements, OIG continued to

find errors after the new method was in place. Therefore, the Department has committed itself to examining the process further.

“BACP has a large regulatory task,” said Inspector General Joe Ferguson, “However, the importance of that task demands that the Department perform to the standards it has defined as necessary to ensure public safety. OIG received an informed suggestion that the City’s taxicab inspection facility is in need of repairs and new equipment. Our audit found that a broken machine prevented BACP from following its own inspection standard. So, I encourage BACP to reliably and transparently meet its stated own high standards. In addition, OIG could not determine whether the Department fully and effectively implements its well-designed auction process because the long pending 2013 auction has not been finalized.”

The full report, and City’s response to the findings, can be found online at the OIG website: www.ChicagoInspectorGeneral.org Follow OIG on Twitter [@ChicagoOIG](https://twitter.com/ChicagoOIG) for the latest information on how OIG continues to fight waste, fraud, abuse, and inefficiency in Chicago government.

###