

Causeway Coast & Glens Borough Council

Internal Audit Report Planning

October 2016
Final version

MOORE STEPHENS

INTERNAL AUDIT REPORT

Planning

Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2016/17. This report summarises the findings arising from a review of Planning which was allocated 7 days.

Through our audit we found the following examples of good practice:

- Planning Committee members have been provided with training to support them in their role and to facilitate effective and transparent decision-making
- The Planning Committee Protocol and Scheme of Delegation have been periodically reviewed and revised to ensure that they define practical processes that facilitate Committee members in decision-making as well as ensuring an efficient process for planning applicants
- There are clear processes for dealing with Planning applications
- Planning application fees are being accurately receipted and recorded in the Planning records, Planning computerised system (ePIC) and in the Finance system (Total).
- Cash handling procedures have been well defined for Planning Administration staff.

We did not identify any Priority 1 or Priority 2 findings during our audit.

The following table summarises the total number of findings/recommendations from our audit:

Risk	Number of recommendations & Priority rating		
	1	2	3
There is a lack of clarity regarding authority for decision-making and the Planning Committee is not equipped to deal with the decisions being placed before it, leading to poor decision-making and risk of challenge to decisions made	-	-	-
Planning applications are not dealt with appropriately leading to appeals by members of the public to the Planning Appeals Commission and reputational damage to the Council	-	-	3
Planning fees are not receipted and lodged in a timely manner leading to increased risk of misappropriation.	-	-	2
Total recommendations made	-	-	5

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory

Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives

Points for the attention of Management

In addition to the recommendations noted above we have identified one system enhancement during the course of the audit which does not form part of our formal findings, but may help enhance the existing controls. This is detailed at Appendix III.

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Distribution:	Chief Executive Director of Performance Head of Planning Chief Finance Officer Audit Committee
	October 2016

Audit progress	Date
Audit fieldwork commenced	3/10/16
Draft Report issued to senior management for response	18/10/16
Responses Received	25/10/16
Responses Agreed	26/10/16
Report Issued	26/10/16

All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council’s internal control system.

1 Objective

The areas for inclusion in the scope of the audit were determined through discussion with the Head of Planning and Deputy Principal Admin. The scope of this audit was to review the arrangements in place within the Council in relation to Planning, focusing on the main risks associated with:

- Application process and management
- Income management.

2 Background

Under Local Government Reform, a number of planning functions transferred from the Department of the Environment (DOE) to local government on 1 April 2015. Councils are now responsible for:

- Local development planning - creating a plan which will set out how the Council area should look in the future by deciding what type and scale of development should be encouraged and where it should be located
- Development management – determining the vast majority of planning applications
- Planning enforcement – investigating alleged breaches of planning control and determining what action should be taken

Each Council now has a dedicated planning department. The Planning function within Causeway Coast and Glens Borough Council is located at County Hall in Coleraine.

Under development management, planning applications are categorised as local, major and regionally significant, with Councils responsible for determining all local and major applications.

Councils have established Planning Committees to consider and decide on these applications, although not all applications will come before the Committee. A Scheme of Delegation sets out which applications will be dealt with by the Planning Committee and which will be delegated to officers. The applications that will come before the Committee for decision are major decisions and may also include large developments, contentious applications and those that receive a number of objections.

3 Risks

The risks identified by Internal Audit relating to Planning and agreed with management are as follows:

1. There is a lack of clarity regarding authority for decision-making and the Planning Committee is not equipped to deal with the decisions being placed before it, leading to poor decision-making and risk of challenge to decisions made
2. Planning applications are not dealt with appropriately leading to appeals by members of the public to the Planning Appeals Commission and reputational damage to the Council
3. Planning fees are not receipted and lodged in a timely manner leading to increased risk of misappropriation.

4 Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Head of Planning
Planning Officer- HPTO
Administration Officer – EO1
Administration Officer – EO2
Administration Officers
Administration Assistant
Finance Officers

5 Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

5.1 Risk 1 – Planning Committee Governance

We have no findings or recommendations to make in this area.

5.2 Risk 2 – Dealing with Planning Applications

ISSUE 1 – *Process for Requesting Refunds*

a) **Observation-**

Refunds may be issued if an application is determined to be invalid or if there has been an overpayment of an application fee. Finance process a refund on receipt of an email request from Planning administration staff. Where the refund is for an invalid application the original receipt for the monies received is attached to the email as is a letter from Planning to the applicant's agent informing them that a refund will be issued (Finance use the addressee details on the letter to return the refund). For overpayments, a summary page is attached with the email which records the signatures of the Planning case officer and a senior Planning Officer confirming and authorising the refund of the overpayment. Once the refund has been processed, Finance staff complete a green cover slip which is signed by the Head of Planning as authorisation for the refund.

We noted that this process differs from the general refund request process used by Finance, whereby a Cheque Requisition Form must be completed stating the amount to be refunded, reason and to whom the refund should be made. The Cheque Requisition Form must be signed by the relevant person with the delegated authority per the Purchase delegated list. The only member of Planning staff with delegated authority on this list is the Head of Planning.

b) **Implication-**

Under the current purchase order delegated list, only the Head of Planning has the authority to authorise refunds. The refund has therefore already been processed before the Head of Planning authorises the refund.

c) **Priority Rating-** 3

d) **Recommendation-**

For consistency with other departments, Planning staff should use the Cheque Requisition Form to request refunds from Finance. This would ensure sufficient evidence of authorisation of the refund prior to the refund being made and would remove the need for the Head of Planning to sign the green slips after the refund has been made.

In addition, as the Head of Planning is the only Planning staff member to have delegated authority under Council's financial delegated authority list. Consideration should also be given to designating the PPTO (and SPTOs if appropriate) with a

<p>more limited level of authority (ie below £1k as for other managers) to be able to approve the Cheque Requisition Forms for smaller refunds.</p>
<p>e) Management Response- Management accepts the recommendation.</p> <p>Planning staff will commence using the Cheque Requisition Form to request refunds from Finance. The CRF will be accompanied by relevant documentation to identify the planning application; amount of refund and reason for refund.</p> <p>Management agree that the 2 PPTOs within Planning will have delegated authority to authorise refunds below £1k.</p>
<p>f) Responsible Officer & Implementation Date-</p> <p>RO: David Wright Chief Finance Officer Implementation date: 30 Nov 2016</p>

ISSUE 2 – *Timeliness of Refunds*

<p>a) Observation- Overpayments of planning fees or invalid application fees should be refunded within a month and after 21 days has passed from the application receipt (to allow for cheques to clear). We found from a sample of 10 refunds issued that 2 had taken longer than a month to be returned – in one case the refund of a fee overpayment was made 9 months after the receipt of the application fee.</p>
<p>b) Implication- Planning applicants may become frustrated if they feel that invalid application fees or overpayment of application fees are not returned to them in a timely manner.</p>
<p>c) Priority Rating- 3</p>
<p>d) Recommendation- Planning case officers should ensure that any refunds due and identified at validation stage or during monitoring checks are processed in a timely manner.</p>
<p>e) Management Response- Management accepts the recommendation.</p> <p>Planning Staff will be reminded of the necessity of ensuring that refunds are identified and actioned at validation stage and fee checklist completed and signed.</p>
<p>f) Responsible Officer & Implementation Date-</p> <p>RO: Denise Dickson Head of Planning Implementation date: 30 November 2016</p>

ISSUE 3 – Recording of Planning Actions**a) Observation-**

From a review of 18 sample files we found that:

- The Development Management checklist had one or two actions with dates not completed or initialled in 6 of the sample
- One of the sample had a greater number of actions on the Development Management checklist not dated or initialled
- Three files had dates recorded on the Development Management Checklist, but no case officer initials
- One file included a checklist for LCD1 Form which included the manual recalculation of a fee – this form was not signed or dated
- For one of the refunds of an overpayment, the Planning Fee checklist had not identified the overpayment as it did not record the correct fee paid, although the need for a refund was marked by the officer completing the validation on the validation checklist. In 2 of the refunds of overpayments, the Planning Fee checklists had not been signed by the case officer.

b) Implication-

There may be insufficient evidence of actions completed or discussions held if checklists are not fully completed or documentation retained on file.

c) Priority Rating-

3

d) Recommendation-

Planning staff should be reminded to ensure that Development Management checklists are fully completed for each action, planning fee checklists are fully completed and signed once the Planning Portal has been checked or if the need for a refund is identified, and copies of emails / notes of telephone conversations retained where these relate to queries on, for example, a Planner's opinion on a development point.

e) Management Response-

Management accepts the recommendation.

Management will remind Planning staff of the need to ensure that all checklists are correctly dated, initialled and completed on all planning applications in a timely basis. Management will also remind staff of the need to retain notes of telephone calls, emails relating to discussions in an application on file.

f) Responsible Officer & Implementation Date-

RO: Denise Dickson Head of Planning
Implementation Date: 30 November 2016

5.3 Risk 3 – Receipt & Lodging Planning Fees

ISSUE 4 – Cash Float	
a) Observation-	Planning administration staff do not have a cash float. Therefore if change is required for people paying planning fees or for copy documents, Planning staff must find the change themselves.
b) Implication-	Staff are required to make up the change to be given back to customers.
c) Priority Rating-	3
d) Recommendation-	Consideration should be given to allocating Planning with a small cash float so that administration staff can easily provide change for applications or copy documents paid in cash.
e) Management Response-	Management accepts the recommendation. A small cash float of £20 will be allocated to Planning for the provision of change to customers.
f) Responsible Officer & Implementation Date-	RO: David Wright Chief Finance Officer Implementation Date: 30 November 2016

ISSUE 5 – Date of Payment of Additional Fee	
a) Observation-	On occasion, an applicant may not have paid the full fee required and an additional fee will be requested. We found that for 2 of 25 sample applications tested, the date of receipt of the additional fee was recorded in ePIC as the same date as the initial payment, rather than the date the additional fee was actually received per the Application Log Book.
b) Implication-	It can be more time-consuming to trace payments received if the dates are inconsistently recorded between records.
c) Priority Rating-	3
d) Recommendation-	For the purposes of the audit trail, staff should input the date of receipt of additional fees in ePIC as the date actually received, rather than the same date as the receipt of the initial fee.
e) Management Response-	Management accepts the recommendation. Management will remind staff of the necessity to accurately record in ePIC the actual date additional payment received.

f) Responsible Officer & Implementation Date-
RO: Denise Dickson Head of Planning
Implementation Date: 30 November 2016

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Appendix II: Summary of Key Controls Reviewed

Risk	Key controls
<p>There is a lack of clarity regarding authority for decision-making and the Planning Committee is not equipped to deal with the decisions being placed before it, leading to poor decision-making and risk of challenge to decisions made</p>	<ul style="list-style-type: none"> • A Protocol / terms of reference has been developed for the Planning Committee • Council has published a Scheme of Delegation • Planning Committee members have received training in relation to planning decisions • Planning Committee receives sufficient information to enable effective decision-making • Planners' opinions are scrutinised and carefully considered by the Planning Committee • There is a clear procedure for dealing with conflicts of interest
<p>Planning applications are not dealt with appropriately leading to appeals by members of the public to the Planning Appeals Commission and reputational damage to the Council</p>	<ul style="list-style-type: none"> • There are clear procedures in place for Planners and administration staff covering planning applications and collecting fees / issuing refunds – this is subject to an audit recommendation • Applications are approved by the appropriate person under the Scheme of Delegation (Committee or Officer) • The correct planning fee has been paid • The planning fee checklist has been correctly completed to verify that the correct fee has been paid • The fee paid and on the fee checklist matches the fee per the planning portal • Any overpayments are clearly identified and returned to the applicant in a timely manner • Applications are dealt with within the specified timescales, unless delays occur because revisions to plans are requested • Statutory consultees generally respond to applications within the required 21 days • There are adequate procedures to identify the required 'neighbours' in order to meet neighbour notification requirements • Adequate records of telephone calls, meetings and Councillor enquiries relating to the application are kept on file and recorded in the portal – this is subject to an audit recommendation • There is adequate segregation of duties in relation to the issue of refunds, and the correct amount is refunded if applicable
<p>Planning fees are not receipted and lodged in a timely manner leading to increased risk of misappropriation</p>	<ul style="list-style-type: none"> • Post is opened by more than one officer to prevent misappropriation • Monies received by post are fully recorded • Fees paid are held securely until lodgement • Fees are lodged in a timely manner • Lodgements are checked, authorised and accurately recorded • Fees are correctly recorded in Council's finance system – this is subject to an audit recommendation

Appendix III: Points for the Attention of Management

Administration Procedures

We were advised that the EO1 Administration officer had started developing Administration procedures to include coverage of the new TOTAL Finance system. Consideration should be given to finalising these documented procedures to complement the cash handling procedures already developed.

Management response:

Management accepts the recommendation. Administrative procedures covering the TOTAL Finance System will be completed by end January 2017.