

Dacorum Borough Council

Final Internal Audit Report

Planning

April 2014

This report has been prepared on the basis of the limitations set out on page 12.

CONFIDENTIAL

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Key Dates:

Date of fieldwork: March 2014

Date of draft report: March 2014

Receipt of responses: April 2014

Date of final report: April 2014

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1. Executive Summary

1.1. Background

As part of the Internal Audit programme for 2013/14, we have undertaken an audit of the Council's systems of internal control in respect of Planning.

1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Planning, and provide guidance on how to improve current the controls going forward.

In summary, the scope covered the following areas: Policy, Procedures and Legislation; Processing of Applications; Fees and Income; Decision making; Appeals and Management Reporting.

1.3. Summary Assessment

Our audit of DBC's internal controls operating over Planning found that there is a sound system of internal control designed to achieve the system objectives. However, there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Full	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Similarly, the assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment over Planning is shown in Section 3.

1.4. Key Findings

We have raised one priority 3 recommendations and three priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- Applications that are received through the postal system should be date stamped to confirm the date they were received. (Priority 3)
- A documentation checklist should be compiled and completed for every Planning application. The checklist should be retained and signed off by the officer that completed the validation checks. (Priority 2)
- Decisions made regarding Planning applications should be made within the legislative requirement of 8 or 13 weeks depending on the application type. Where it is not possible to comply with legislative requirements, a reason should be documented in the officer's report and extensions should be agreed in writing. (Priority 2).

- The outcome of planning application appeals should be updated on to the Council's Acolaid system, and a reconciliation should be undertaken on a regular basis to ensure that the information displayed by the Planning Inspection website is in line with that on Dacorum Borough Councils website and the Councils Performance system. (Priority 2)

Full details of the audit findings and recommendations are shown in Section 4 of the report.

1.5. **Management Response**

We have received the management responses and have included them in our Final report.

1.6. **Acknowledgement**

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

2. Scope of Assignment

2.1. Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of Planning, with regards the areas set out in section 2.3, are adequate and are being consistently applied.

2.2. Approach and Methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- discussions with key members of staff to ascertain the nature of the systems in operation;
- evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;
- identification of control weaknesses and potential process improvement opportunities;
- discussion of our findings with management and further development of our recommendations; and
- preparation and agreement of a draft report with the process owner.

2.3. Areas Covered













The audit was carried out to evaluate and test controls over the following areas:

- *Policy, Procedures and Legislation*
All staff act consistently in compliance with legislative and management requirements and the administration of the Planning function is conducted in an economic, efficient and effective manner.
- *Processing of Applications*
All applications received are recorded and processed in line with legislative and organisational requirements.
- *Fees and Income*
Planning fees have been agreed and communicated to residents on the Council's website. That the correct fees are received with all applications received and refunds are appropriately approved and supporting documentation retained.
- *Decision Making*
That decisions on planning applications are made in accordance with legislative requirements and appropriate consultations are carried out.
- *Appeals*
To confirm that appeals are logged and records are kept for future reference. Also to ensure that appeals are reported to committee.
- *Management Reporting*
That regular reports are produced outlining performance against legislative requirements and follow up action taken where necessary.

3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Policy, Procedures and Legislation			
Processing of applications			Recommendation 1 & 2
Fees and Income			
Decision Making			Recommendation 3
Appeals			Recommendation 4
Management Reporting			

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

4. Observations and Recommendations

Recommendation 1: Date stamping (Priority 3)

<p>Recommendation</p> <p>Planning Applications that are received through the postal system should be date stamped to confirm the date they were received.</p>
<p>Observation</p> <p>Date stamping Planning application forms allows a record of when the form was received. This will help ensure that the Council can demonstrate that they were within the legislative requirements for processing Planning applications. Planning Applications should be decided within 8 weeks unless they are unusually large or complex, in which case the prescribed time limit is longer at either 13 or 16 weeks.</p> <p>Audit selected a sample of 25 Planning applications received during the period April 2013 until the time of the audit. It was noted that 11 applications had been received through the post and required date stamping. It was noted that in 3 of the 11 cases, the Planning application had not been date stamped.</p> <p>Where Planning applications received are not date stamped, there is a risk of non compliance to legislation requirements. Additionally, where applications are not date stamped there is a risk that they will be unable to justify that the targets have been met.</p>
<p>Responsibility</p> <p>Assistant Team Leader, Planning Casework</p>
<p>Management response / deadline</p> <p>Agreed.</p> <p>Process guidance will be updated to ensure hard copy documents received through the postal system are date stamped. This issue will also be addressed in any future Service Level Agreement (SLA) when incoming post to the Council is dealt with via a centralised scanning process.</p> <p>Implementation date 1 June 2014</p>

Recommendation 2: Validation Checks (Priority 2)**Recommendation**

A documentation checklist should be compiled and completed for every Planning application. The checklist should be retained and signed off by the officer that completed the validation checks.

Observation

New Planning applications can be submitted through the Dacorum Borough Council's online portal or in hard copy form through the postal system. When an application is received, the Planning team confirm that all the required documentation has been submitted to ensure that the application is valid. A checklist should be compiled which shows the documentation that is required to be retained to validate the Planning applications. The checklist should be completed for each application and should be signed and dated by the officer who has completed the checks.

During the audit, discussions took place with a Planning Registrations Officer that revealed validation checks are carried out by the officers by using their own knowledge and with the help of legislative guidance. However, there was no evidence available to audit to confirm that these checks are being carried out to confirm the validity of an application.

Where a documentation checklist is not maintained for planning applications that verifies that the appropriate documentation has been validated to the support the application, there is a risk that an application may be incorrectly processed and it would be difficult to support the decision should a challenge be made. In turn this could have reputational and financial implications for the Council.

Responsibility

Assistant Team Leader, Planning Casework

Management response / deadline

Agreed.

A documentation checklist will be compiled and completed for every planning application by the officer that completed the validation checks. The form shall be generated electronically and saved within information@work indexed against the relevant planning application

Implementation date 1 June 2014.

Recommendation 3: Decisions made within Legislative requirements (Priority 2)

<p>Recommendation</p> <p>Decisions made regarding Planning applications should be made within the legislative requirement of 8 or 13 weeks depending on the application type. Where it is not possible to comply with legislative requirements, a reason should be documented in the officers report and extensions should be agreed in writing.</p>
<p>Observation</p> <p>Legislation dictates that Planning Applications should be decided within 8 week unless they are unusually large or complex in which case the time limit can be extended to 13 weeks. When an application has gone over the deadline, an explanation should be documented within the officer's report. Furthermore, as per the acknowledgement letter that is sent out to applicants when a new application has been submitted, extensions should be agreed in writing to ensure that an appropriate audit trail is maintained.</p> <p>Audit tested a sample of 25 new Planning applications processed during the period April 2013 to March 2014. It can be confirmed that in 6 cases the applications were not processed within the legislative requirement. It was noted that in 2 of these 6 cases, no explanation was given in the officer's report (4/1867/13FHA and 4/2123/13/LBC). Furthermore, in all of the 6 cases the applicant was not contacted to inform them of the delay and to obtain their agreement.</p> <p>Where decisions on Planning Applications are completed within the legislation requirements and no explanation or agreement is made with the applicant, there is a risk of financial loss to the authority due to the applicant appealing the application.</p>
<p>Responsibility</p> <p>Team Leader, Major Developments</p>
<p>Management response / deadline</p> <p>Agreed.</p> <p>When it is not possible for an application to be determined within the prescribed time period, an extension of time should be sought by the Case officer. In all circumstances where the deadline is missed a reason should be documented in the officer's report.</p> <p>Implementation date 1 June 2014</p>





Recommendation 4: The outcome of appeals should be accurately recorded (Priority 2)

<p>Recommendation</p> <p>The outcome of Planning application appeals should be updated on to the Council's Acolaid system, and a reconciliation should be undertaken on a regular basis to ensure that the information displayed by the Planning Inspection website is in line with that on Dacorum Borough Councils website and the Councils Performance system.</p>
<p>Observation</p> <p>The outcome of Planning application appeals should be noted on the Council's Acolaid system as well as on the Council's website and performance management system. These updates should be reconciled on a regular basis with the Planning Inspectorate website to ensure consistency across all reporting lines.</p> <p>During the audit it was noted that there are some inconsistencies between the information displayed on the Planning Inspectorate website regarding the processing of Planning Applications appeals, the Dacorum Borough Council website and the Council's performance management system. It was noted that in six cases the outcome of the appeals was recorded on the Dacorum website as 'decision not yet made' however, the application had actually been refused as per the Planning Inspectorate website and the performance system.</p> <p>Where Planning application appeals are not accurately recorded there is a risk of reputational damage to the Council, which may result in resident dissatisfaction and failure to adhere to planning regulation requirements.</p>
<p>Responsibility</p> <p>Team Leader, Planning Casework</p>
<p>Management response / deadline</p> <p>Agreed.</p> <p>Undertake monthly checks to ensure that internal records accord with the information available on the Planning Inspectorate website.</p> <p>Implementation date 1 May 2014</p>

Appendix A - Reporting Definitions

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Appendix B - Staff Interviewed

The following personnel were consulted:

- Alex Chrusciak - Group Manager (Development Management and Planning)
- Louise Baldwin - Planning Registration Officer
- Jackie Ambrose - Assistant Team Leader, Planning Case Work.
- Catherine Hamilton - Finance Manager (Income, Payments and RTB)
- Paul Newton - Planning Casework Team Leader

We would like to thank the staff involved for their co-operation during the audit.

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

April 2014

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