

Audit Agenda



Wednesday 27 March 2019 at 7.30 pm

Conference Room 2 - The Forum

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Birnie
Councillor Douris
Councillor McLean

Councillor Silwal
Councillor Taylor (Chair)
Councillor Tindall

Substitute Members:

Councillors G Adshead, Anderson, England, Link, Pringle and Ransley

For further information, please contact Corporate and Democratic Support or 01442 228209

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence

2. DECLARATIONS OF INTEREST

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

- (ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

3. MINUTES AND ACTIONS (Pages 3 - 7)

4. PUBLIC PARTICIPATION

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation

5. EXTERNAL AUDIT PROGRESS REPORT

6. INTERNAL AUDIT PROGRESS REPORT (Pages 8 - 18)

7. INTERNAL AUDIT PROCUREMENT STRATEGY (Pages 19 - 31)

8. INTERNAL AUDIT REPORT - PLANNING (Pages 32 - 47)

9. AUDIT COMMITTEE WORK PROGRAMME (Page 48)

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

06 February 2019

Present:

Councillors: Taylor (Chairman) Tindall
Birnie
Silwal

Officers: J Deane Corporate Director (Finance and Operations)
N Howcutt Assistant Director (Finance & Resources)
A Elliott
M Kelly
M Sells Corporate & Democratic Support Officer

Others: M Towler Mazars
S Ironmonger Grant Thornton
A Banister Grant Thornton

The meeting began at 7.30 pm

1. APOLOGIES FOR ABSENCE

Councillor Mclean
Councillor Elliot
Councillor Douris

2. DECLARATIONS OF INTEREST

No declarations of interest were received.

3. MINUTES AND ACTIONS (Agenda Item 3)

The minutes of the meeting held on 21 November 2018 were agreed by the members present and signed by the Chairman.

MEETING DATE	TASK / ACTION	ACTIONER	DEADLINE	STATUS
21-Nov-18	Update on whether DBC incurred fines from the ombudsman- (in Relation to item 72)	Nigel Howcott	06/02/19	Email circulated 29/11/2018
21-Nov-18	Amber Banister - Name plate to be made	Marie sells	06/02/19	Complete
21-Nov-18	Section 106 and CIL handbook to be sent to all Members	Councillor Taylor	06/02/19	CLr Taylor expressed his apologies for the delay in distributing the handbook and will ensure it is sent ASAP
21-Nov-18	New property & Place manager to be added to the distribution list	Marie Sells	06/02/19	Complete
21-Nov-18	Enhanced KPIs to be circulated to Members	F.Williamson	06/02/19	Complete

4. PUBLIC PARTICIPATION (Agenda Item 4)

There was no public participation.

5. STRATEGIC RISK REGISTER

James Dean provided a Q3 update and welcomed any questions or concerns from the Group.

Working on feedback received by the Audit Committee there has been work on the presentation of the register which makes the information easier to read.

Councillor Tindall would like it noted that he is pleased with the review and the way it has been presented.

Councillor Taylor advised Members that any feedback should be emailed to Marie Sells so the information can be actioned.

Councillor Tindall has previously voiced concerns regarding the difficulty in recruiting into certain roles within DBC, he would like to know if it is possible to provide feedback at regular intervals as to what progress is being made to resolve these issues. J.Deane confirmed that the Council's approach to recruitment and retention is currently being reviewed through a project led by the Chief Executive, and that Members will be updated shortly.

Councillor Tindall enquired as to when the report regarding Brexit will be circulated to Members, J.Deane confirmed the report has been completed and will be circulated shortly.

Councillor Tindall would like to know if there is a specific risk to developers by failing to provide the number of rented units that is required by The Council, J.Deane did not have the specific information to hand but assured Councillor Tindall that all this information will be covered in the operational risk register which is presented to the Scrutiny committee.

6. EXTERNAL AUDIT PROGRESS REPORT

Amber Banister presented the External Audit plan to the Group.

The Initial risk assessment and planning has been completed, the onsite interim LE testing is due in the next few weeks and so far there have been no recommendations or findings.

A progress report will be presented at the next meeting.

The fee for this year is £56,480 which is a reduction from last year with an additional fee of £20,000 for the Housing Benefit certification.

Councillor Taylor notes that “Value for money” seems to be exceptionally well documented in the report and in his option is part of the daily routine of the Council, Grant Thornton focus on the arrangements in place by Dacorum Borough Council to achieve value for money, there were no significant concerns found last year.

7. DRAFT INTERNAL AUDIT PLAN

Mark Towler presented the Draft Internal Audit Plan to the Group.

The plan has previously been presented to the Leadership Team and is now being submitted to Members with a view to presenting the completed plan at the next meeting.

8. INTERNAL AUDIT PROGRESS REPORT

Mark Towler presented the internal audit progress report to the Group.

So far there has been good progress, in total there will be 13 reports due to be completed by the end of March.

There are an additional 10 reports which are in final or draft stage with 3 reports still to be completed, all work is on target to finish by the end of the financial year.

3 finalised reports and 3 draft reports have been undertaken since the last meeting, all 3 finalised reports are “FULL FULL”.

There have been 13 recommendation to date, 6 have been implemented.

There are no concerns at this time

Councillor Tindall noted the report is incorrect as there are 13 recommendations listed on page 53 whereas on page 1 there are only 12 listed – M.Towler confirms this is an error with the report and it will be corrected.

9. INTERNAL AUDIT SERVICE REPORT

Mark Towler updated the Group regarding the completed Service Reports.

The Council Tax audit has been undertaken with a result of FULL FULL, there was 1 priority 3 recommendation around policy and procedures.

In addition, NNDR and Housing Benefit & Council Tax Support are also reported ad FULL FUL

Councillor Taylor and all the Members present would like it noted that the results are outstanding, the team have worked incredibly hard to achieve this result. He would like his congratulations passed onto all those involved.

10. AUDIT COMMITTEE WORK PROGRAMME

MEETING DATE	DEADLINE TO MONITORING OFFICER	DEADLINE TO MEMBER SUPPORT	ITEMS:	RESPONSIBLE PARTY
27/03/19		18/03/19	External Audit Progress Report	Grant Thornton
			Internal Audit Progress Report	Internal Audit (Mazars)
			Progress Reports	Internal Audit (Mazars)

11. PART 2

The meeting ended at 20:50

MEETING DATE	TASK / ACTION	ACTIONER	DEADLINE	STATUS
21-Nov-18	Section 106 and CIL handbook to be sent to all Members	Councillor Taylor	07/02/19	
06-Feb-19	Brexit Report to Be sent to Members	James Deane	27/03/19	Complete



DACORUM BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – March 27 2019

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Dacorum Borough Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix C of this report for further information about responsibilities, limitations and confidentiality.

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Introduction

This progress report to the Audit Committee covers the work carried out during the period April 1st 2018 to March 14th 2019 by Mazars.

Appendix 1 outlines progress to date against the 2018/19 Internal Audit Plan.

Background

The purpose of the internal audit plan is to identify the work required to achieve a reasonable level of assurance to be provided by Mazars in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work, normally in accordance with a strategic plan and an annual operational plan, as approved by the Corporate Director (Finance & Operations) and the Audit Committee.

As internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives, a key rationale for the development of the internal audit plan was the Council's own Corporate and Service Risk Registers and how the internal audit plan can provide this assurance.

Progress to Date

Progress against the 2018/19 Internal Audit plan is shown in Appendix 1 and shows the status of work to date and the number of days delivered. At the time of this report, progress against the plan is as follows:

Number of audits in plan	13	
Number of audits finalised	9	69%
Number of audits issued at draft	1	8%
Number of audits currently in progress	2	15%
Number of audits with planned start dates	1	8%
Number of audits with start dates to be agreed	-	-
Total	13	100%

We have issued the following Final reports since the last Audit Committee meeting:

- Procurement Strategy (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Planning (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

We have also issued the following draft reports for which we are awaiting the final management responses before issuing the Final Report:

- Business Continuity

Follow-up of Recommendations

2018/19

The table at Appendix 2 details the recommendations raised in the audit reports for 2018/19. The summary of the outcome of our follow up work to the 28th February 2019 is shown in the table below:

Year	Total Recommendations	Implemented / no longer relevant	%
2018/19	22	11	50%
Total	22	11	50%

Definition of Assurance & Priorities

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.

Priority 1 Recommendations

One Priority 1 recommendation has been raised in the final reports issued since the last Audit Committee meeting.

This recommendation was raised in the Planning report, and was as follows:

Recommendation: The Acolaid case management system requires updating to ensure that no breaches of the scheme of delegation can occur.

Management Response: I have escalated this to Idox our provider of Acolaid, who are looking into a solution on permissions and this will be part of our next monthly Idox maintenance days. This should be fixed within a month at an upcoming maintenance day.

30 April 2019

We are upgrading our back office system from Acolaid to Uniform and have a project team of 6 officers working on this, all who will be able to set up new users and restrict permissions from users. Uniform will go live in mid-September.

30 September 2019

Appendix 1 – Status of Audit Work 2018/19

Page 14

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Core Financial Systems	Main Accounting	Audits previously given a high level of assurance: CRSA will be used in these areas to cover the adequacy and effectiveness of the Key Controls in place across the four areas	20	7	Q4	Work in Progress						Fieldwork started w/c 4 th March
	Treasury Management, Cash & Bank											
	Accounts Receivable											
	Accounts Payable											
	Budgetary Control	To cover strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	8	2	Q4	Work in Progress						Fieldwork started w/c 4 th March
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8	8	Q3	Final Issued	Full	Full				
	NNDR	Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8	8	Q3	Final Issued	Full	Full				
Housing Benefit and Council Tax Support	Covering adequacy and effectiveness of controls including new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations. CRSA to be applied.	8	8	Q3	Final Issued	Full	Full					
Core Financial Systems Total			52	33								

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Operational Risks	Business Continuity	Covering adequacy and effectiveness of the Council's arrangements for Business Continuity including maintenance and testing of plans.	10	9	Q3	Draft Report Issued						
	Planning	Covering adequacy and effectiveness of controls in place over planning applications, including new national changes.	10	10	Q4	Final Issued	Substantial	Substantial	1	-	5	
	Housing Rents	Covering adequacy and effectiveness of controls over the management of housing rents and service charges, including collection of rent arrears.	10	10	Q1	Final Issued	Full	Substantial	-	1	2	
Operational Risks Total			30	29								
Strategic Risks	General Data Protection Regulation	Covering adequacy and effectiveness of controls over preparations for General Data Protection Regulations.	15	15	Q2	Final Issued	Substantial	Substantial	-	2	1	
	Commercial Asset Management	Covering adequacy and effectiveness of controls over management of garages within the Borough.	15	15	Q2	Final Issued	Substantial	Substantial	-	2	1	
	Procurement	To provide assurance over the Council's controls in place in relation to the governance and evaluation of significant contracts. The review will focus on particular projects.	15	15	Q3	Final Issued	Substantial	Substantial	-	3	-	
Strategic Risks Total			45	45								
Governance, Fraud & other Assurance Methods	Governance and Risk Management	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. Risk management workshops and training.	28	4	Q2-Q4	Ongoing	N/A					

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Counter Fraud	Internal Audit will continue to work with the Council in the development of a fraud risk register, the provision of fraud awareness training, pro-active fraud exercises, etc.	10		Q2-4							
Governance, Fraud & other Assurance Methods			38	4								
ICT	ICT Asset Management	Covering controls over Policies and Procedures, Asset Register, Security of Hardware and Software, Loss Management and Disposals.	10	10	Q3	Final Issued	Full	Substantial	-	2	-	
	Change Management	Covering controls over Change Management process, Software and Hardware Changes.	15	0.5	Q4	ToR Issued						Fieldwork starting 21 st March
ICT total			25	10.5								
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	10	9								
	Management		20	16								
Other total			30	25								
Plan total			220	146.5								
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Assistant Director (Finance & Resources).	30	-								
TOTAL			250	146.5								

Appendix 2 – Follow-up of Recommendations

A follow-up audit has been undertaken in accordance with the 2018/19 audit plan. The objective was to confirm the extent to which the recommendations made in 2018/19 internal audit final reports have been implemented.

The tables below provides a summary of the status of all 2018/19 recommendations raised in final reports issued.

2018/19

Title	Raised	Implem ented	Partly Impleme nted	Outstanding	No longer relevant	Original Due Date	Revised Due Date	Not yet due	Resp. Officer
Housing Rents	3	3	-	-	-	31 Oct 2018			Katie Kiely
GDPR	3	3	-	-	-	31 Oct 2018	-	-	John Worts
Commercial Asset Management (Garages)	3	3	-	-	-	31 Jan 2019	-	-	Layna Warden
IT Asset Management	2	-	-	-	-	31 May 2019	-	2	Gary Osler
NNDR	1					31 August 2019	-	1	Chris Baker
Council Tax	1					31 August 2019	-	1	Chris Baker
Procurement Strategy	3					31 Dec 2019	-	3	Ben Hosier
Planning	6	2				30 Sept 2019	-	4	Sara Whelan
Total	22	11	-	-	-			11	

Appendix 3 - Statement of Responsibility

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

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any 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.

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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Dacorum Borough Council Final Internal Audit Report Procurement Strategy

March 2019

This report has been prepared on the basis of the limitations set out on page 11.

CONFIDENTIAL

Distribution List:

Ben Hosier - Group Manager (Procurement, Commissioning and Compliance)

Andrew Linden - Team Leader (Procurement, Commissioning and Compliance)

Nigel Howcutt - Assistant Director Finance and Resources

Mark Brookes - Assistant Director Corporate & Contracted Services

James Deane – Corporate Director, Finance & Operations (Final Report only)

Sally Marshall – Chief Executive (Final Report only)

Key Dates:

Date of fieldwork: December 2018

Date of draft report: January 2019

Receipt of responses: February 2019

Date of final report: March 2019

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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1. Executive Summary

1.1. Background

As part of the agreed 2018/2019 Audit Plan, Mazars have undertaken a review of the controls in place for Procurement Strategy to ensure that controls have been adequately designed and implemented.

We are grateful to the Procurement Team, and other council staff for their assistance provided to us during the course of the audit.

This report summarises the results of the internal audit work and, therefore does not include all matters that came to our attention during the audit. Such matters have been discussed with relevant staff.

1.2. Audit Objective and Scope

The overall objective of the audit was to provide assurance over the adequacy and effectiveness of current controls, and provide guidance on how to improve the current controls going forward. In summary, the scope covered the following areas:

- Strategic Procurement Governance;
- Organisation, Management and Development;
- Strategic Procurement Planning;
- Providing Procurement Guidance and Advice;
- Compliance Audit, Procurement Performance Monitoring and Management Reporting;
- Key Supplier Relationship Management, Risk Management and Business Continuity; Management; and
- Strategic Procurements.

1.3. Summary Assessment

Our audit of DBC's internal controls in operation found that 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.

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
Substantial	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.

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 is shown in Section 3.

1.4. **Key Findings**

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

- Strategic Procurement Governance (Priority 2);
- Procurement Guidance and Advice (Priority 2); and
- Critical Contract Analysis (Priority 2);

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

1.5. **Management Response**

We received the management responses in a timely manner and these have been included in the main body of the 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 Procurement Strategy, with regards to 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 identified risk areas:

- **Strategic Procurement Governance:**
 - The team does not contribute to corporate strategic procurement objectives.
- **Organisation, Management and Development:**
 - The team's authority may be insufficient to achieve its strategic procurement objectives.
 - The team's capacity and capability may be insufficient to achieve its strategic procurement objectives.
- **Strategic Procurement Planning:**
 - Procurement savings not realised.
 - Procurement non-compliances not rectified.
- **Compliance Audit, Procurement Performance Monitoring and Management Reporting:**
 - Poor procurement performance not identified and improved upon.
 - On-going best value not achieved.
 - Non-compliance with EU Public Procurement Directives and/or CSO.
- **Key Supplier Relationship Management, Risk Management and Business Continuity Management:**
 - Critical services and/or strategic objectives not achieved due to contract failure.
 - Service failure at times of major business interruption events.
- **Strategic Procurements:**
 - Unnecessary procurement may be undertaken.
 - Balance between contestability and service desire not achieved.
 - Sub optimal procurement options selected.
 - Benefits are not realised.

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
Policies Procedures and Legislation			Recommendation 1
Organisation, Management and Development			
Strategic Procurement Planning			
Providing Procurement Guidance and Advice			Recommendation 2
Compliance Audit, Procurement Performance Monitoring and Management Reporting			
Key Supplier Relationship Management, Risk Management and Business Continuity Management			Recommendation 3
Strategic Procurements			

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: Strategic Procurement Governance (Priority 2)

<p>Recommendation</p> <p>Management should ensure the following:</p> <ul style="list-style-type: none">• An up-to-date Procurement Strategy is in place and approved by Cabinet and Council.• The most up to date version of the Procurement Strategy is available on the council website and intranet• The elements of the Service Plan that relate to Procurement are up to date and appropriate.
<p>Observation</p> <p>A Procurement Strategy is in place to support the delivery of the following Council objectives:</p> <ul style="list-style-type: none">• Clean and Safe Environment;• Community Capacity;• Regeneration;• Dacorum Delivers; and• Affordable Housing. <p>However, through review of the Strategy, it only covers periods 2014-16. It was noted that the Council website and the intranet at the council did not contain the most up to date version of the strategy. It was last updated in 2016 when the KPI's for the year were added.</p> <p>A Service Plan, which sets out how the Councils objectives will be delivered is in place and this includes service objectives for the group manager of Commissioning, Procurement & Compliance. However, a review of the service plan found that the following areas appear incomplete:</p> <ul style="list-style-type: none">• Barriers to overcome (Service Objectives);• Detail within the service improvement plan;• KPI targets;• Medium term financial plan; and• Staffing structures. <p>Whilst the Service Plan is a Council wide document Procurement should ensure that the contents of the service plan are fully complete and up to date with the current service provision of the department.</p> <p>There is a risk that the council fails to deliver on its service objectives through lack of strategic planning and supporting delivery plans.</p>
<p>Responsibility</p> <p>Group Manager (Procurement, Commissioning and Compliance)</p>
<p>Management response / deadline</p> <p>The procurement strategy was due to be reviewed and updated during 2017/18 but it became apparent that the new National Procurement Strategy for Local Government would be published in 2018 and it was decided to wait until this was published to see what impact this would have on the Council's own procurement strategy.</p> <p>The new National Procurement Strategy for Local Government was published in the autumn 2018 and work is currently ongoing to fully review the content of this against the Council's own procurement strategy. It is envisaged that a significant level of input will be required to draft a new and meaningful Council procurement strategy and that this will require consultation with both CMT & Members before presenting a draft strategy to both Scrutiny and Cabinet and obtaining approval for Full Council to adopt. It is predicted that this will be presented to Full Council by the end of 2019.</p>

In the mean-time the current procurement strategy will be amended to update the areas identified in the audit report. These minor amendments will not require Cabinet approval as they are just operational updates, although all amendments will be discussed with the Portfolio Holder prior to updating. It is predicted that these updates will be concluded and published on the website and intranet by the end of 2018/19.

The Service plan for Procurement & Contracted Services is updated annually in line with the corporate approach to service plans and work on the 2019/20 plan should commence shortly. I will ensure that all areas that were identified as incomplete in the original documentation that was reviewed in this audit, are included as they were in the subsequent documentation that was sent to audit.

Recommendation 2: Procurement Guidance (Priority 2)

Recommendation

Management should ensure the following:

- Contract Standing Orders are reviewed and updated on a periodic basis;
- The most up to date version of Commissioning and Procurement Standing Orders should be made available on the council's website and intranet;
- Procurement guidance to staff should be reviewed and updated on a periodic basis; and
- SME guidance should be reviewed and updated.

Observation

There is a Commissioning and Procurement Standing Orders document available at the Council which sets out the rules to which it will adhere when commissioning and procuring goods and services. The version available on the Council's website is dated 9th July 2014. Audit was informed that an update was completed in December 2015 but no updates have taken place since then.

Through review of the current procurement process, it was highlighted that in a number of instances the Procurement Standing Orders are out of date with job titles and the OJEU thresholds requiring updates.

Moreover, further procurement guidance and procedures that are available for staff to follow has also not been reviewed and updated since 2014.

In addition, from a review of the Procurement guidance that is available on the Council website, it was found that *A statement of principles to encourage effective trade between local authorities and small businesses* document is provided, however this document has not been updated since 2008.

There is a risk that incorrect working practices are followed leading to errors and non-compliance with Procurement legislation.

Responsibility

Group Manager (Procurement, Commissioning and Compliance)

Management response / deadline

The procurement standing orders will be reviewed at the same time as the new procurement strategy to ensure that they provide robust guidance and advice to Council officers and members. It is predicted that this will be presented to Full Council by the end of 2019.

In the mean-time the current procurement standing orders will be amended to update the areas identified in the audit report. These minor amendments will not require Cabinet approval as they are just operational updates, although all amendments will be discussed with the Portfolio Holder prior to updating. It is predicted that these updates will be concluded and published on the website and intranet by the end of 2018/19.

Recommendation 3: Critical Contracts Analysis (Priority 2)

Recommendation

Management should ensure the following:

- A critical contracts analysis is undertaken and business continuity plans prepared in response to those contracts identified as critical to delivering the organisation's objectives.

Observation

It is best practice to ensure that an analysis of all contracts is undertaken to identify which of the contracts are critical for the council to maintain its statutory functions. This will enable appropriate business continuity plans to be developed should any of the critical contracts begin to cause serious issues for the council's operations.

We were informed there is no single critical contracts analysis undertaken and business continuity plans are not prepared in response to critical contracts.

Therefore, there is an increased risk that the council fails to deliver its statutory functions.

Responsibility

Group Manager (Procurement, Commissioning and Compliance)

Management response / deadline

The procurement team carry out an analysis of all third party expenditure across the Council. Along with the contracts register, this enables the team to advise client officers when and how contracts require re-tendering.

Apart from a handful of contracts that are managed by the procurement team, the responsibility for the remainder of the contracts rests with the relevant client team which is customary when working with devolved budgets.

As the client officers are responsible for the majority of the contracts, any 'critical contract analysis' from a Council statutory function perspective should be carried out by the client officer.

Guidance on the process for undertaking 'critical contract analysis' will be included in the procurement standing orders to ensure a consistent approach across the Council. It is predicted that this will be included in the included in the standing orders and published on the website and the intranet by the end of 2018/19.

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 grading's 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:

Audit sponsor: Nigel Howcutt – Assistant Director, Finance & Resources

Audit Contacts: Ben Hosier – Group Manager, Procurement, Commissioning and Compliance

Andrew Linden – Team Lead, Procurement, Commissioning and Compliance

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

Appendix C Statement of Responsibility

We take responsibility to Dacorum Borough Council for this report which is prepared since the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any 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.

The matters raised in this report are only those which came to our attention while 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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Dacorum Borough Council Final Internal Audit Report Planning

March 2019

This report has been prepared on the basis of the limitations set out on page 14.

CONFIDENTIAL

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Mark Gaynor – Corporate Director (Housing & Regeneration (Final Report only)
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Sally Marshall – Chief Executive (Final Report only)

Key Dates:

Date of fieldwork: January 2019
Date of draft report: January 2019
Receipt of responses: March 2019
Date of final report: March 2019

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Dacorum Borough Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix C of this report for further information about responsibilities, limitations and confidentiality.

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1. Executive Summary

1.1. Background

As part of the Internal Audit Programme for 2018/19, we have undertaken an audit of the Council's systems of internal control in respect of Planning.

The Council is responsible for deciding whether a development, anything from an extension on a residential property or the change in use of existing land to a new major commercial development, should go ahead. The Council does this in adherence to legislative requirements including the Town & County Planning (Development Management Procedure) (England) Order 2015. They will prepare local plans, determine planning applications and carry out enforcement against unauthorised development.

Audit were informed at the commencement of the fieldwork that the Planning section at the Council had commissioned a high-level review by the Planning Officers Society (POS) to evaluate what changes would be necessary or desirable to make the service fully fit for purpose over the next three to five years. A draft report from POS has been received by the Council that included forty nine separate recommendations for improvements to the Planning department. Audit paid due regard to the recommendations raised in this report and have not raised the same recommendations here.

1.2. Audit Objective and Scope

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

In summary, the scope covered the following areas:

- Policies, Procedures and Legislation;
- Planning Applications;
- Inspections and Enforcement;
- Planning Income; and
- Performance Management.

1.3. Summary Assessment

Our audit of the Council's internal controls operating over Planning found that 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.

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
Substantial	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.

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 1 recommendation, and five Priority 3 recommendations where we believe there is scope for improvement within the control environment. The recommendation raised has been set out below:

- Decision Making (Priority 1)
- Performance Management (Priority 3)
- Out of Date Documentation (Priority 3)
- Training (Priority 3)
- Public Register (Priority 3)
- Pro-active Enforcement (Priority 3)

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

1.5. **Management Response**

We received the management responses in a timely manner, and these have been included in the main body of the 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 to 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:

Policies, Procedures and Legislation

All staff act consistently in compliance with legislative and management requirements, including the Planning Act 2008 and the Town and Country Planning Act 1990. The audit will confirm that the Council has a policy/procedure which documents processes to be followed to ensure compliance with legislation. Roles and responsibilities are clearly defined and training has been provided to relevant officers.

Planning Applications

Planning applications are processed in a consistent and timely manner in compliance with legislative and policy/procedure requirements. There is sufficient guidance available to the public on submitting a planning application and applications are made on official forms, supported by appropriate plans and that decision making processes/authority are clearly defined. A clearly defined system for recording and monitoring planning applications and the decision outcome is in place. A public register is maintained and updated promptly upon receipt of a planning application in accordance with statutory requirements. Moreover that where applicable, a Section 106 agreement has been signed by the Planning Authority and the applicant/developer.

Inspections and Enforcement

The audit will confirm that there is a process in place to inspect and take legal enforcement action against individuals/organisations who breach planning restrictions or undertake unauthorised development. The audit will confirm that enforcement notices are issued against unauthorised development. The audit will confirm that there is clear guidance available to the public for anonymously reporting potential planning breaches to the Planning Authority.

Planning Income

Planning applications are charged at the nationally set fee and where pre-application advice is provided, these charges are clearly stipulated in a charging policy. The audit will confirm that there are robust procedure for recording income, income reconciliation and banking arrangements in place. The audit will confirm that planning application decisions are not made before full, cleared payment has been received.

Performance Management

Performance Management information is accurate, complete, relevant, and timely to allow effective management decision making. Performance of the service is maximised and that any failure to fully achieve service objectives is identified and addressed.

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
Policies Procedures and Legislation			Recommendations 1 & 2
Planning Applications			Recommendations 3 & 4
Inspections and Enforcement			Recommendation 5
Planning Income			
Performance Management			Recommendation 6

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: Training (Priority 3)

<p>Recommendation</p> <p>Consideration should be given to maintaining records of the training sessions provided for officers within the planning department and maintaining records of attendance at the training. This would provide management with oversight of team engagement with training and also assist in ensuring staff are attending relevant training. It would also provide the opportunity to link training with individual performance management objectives.</p>
<p>Observation</p> <p>The Planning procedures followed by the Council are reliant on individuals within the department maintaining their professional knowledge and awareness of changes in legislation that could impact upon their decision making. A variety of training sessions are provided to the department including both internal and external speakers on a variety of topics that range from Tree planning, a talk from the Environments Agency and a session on the Community Infrastructure Levy.</p> <p>However, it was noted that no records are maintained of staff attendance at the training sessions provided and there is a risk that team members do not attend appropriate training sessions and therefore carry out their responsibilities incorrectly.</p>
<p>Responsibility</p> <p>Group Manager, Development Management & Planning</p>
<p>Management response / deadline</p> <p>I have considered this with the team, many officers are keeping their own separate log of their CPD including internal and external training courses attended. This is required in their log book submission to those wanting to be a chartered member of the RTPI and once a member it is a requirement of the RTPI to be able to prove continuous CPD when requested at random by the RTPI.</p> <p>Our main training provider is Urban Design London and we have kept a log of officers who have attended these courses. However, we will now put this on a shared drive and open it to all courses and request officers to update this once they have attended a course. This will be helpful to see what skills we have in the team and who is keeping their CPD up to date.</p> <p>Implemented</p>

Recommendation 2: Out of Date & Missing Information (Priority 3)

<p>Recommendation</p> <p>The Local Enforcement Plan should be reviewed and updated.</p> <p>The Local Planning Application Requirements for the Council should be provided on the Planning Portal.</p>
<p>Observation</p> <p>The Local Enforcement Plan sets out the Council’s approach to reviewing any allegations of breaches to conditions set out in the planning permission granted and the enforcement action that it will carry out. It was noted that the plan was created in June 2013 and has not been reviewed or updated since. Whilst audit were informed legislation has not changed and content does remain relevant, it was noted that the new online electronic form for submitting allegations of planning permission breaches is not referred to and the address of the Council, to send in any allegations, has also changes since 2013 and therefore the Local Enforcement Plan requires a review and update.</p> <p>The Planning Portal is one of the ways in which a planning application can be submitted to the Council and the site provides detailed guidance to the applicant on the correct process to be followed. However, it was noted when selecting the Local Planning Application Requirements for Dacorum on the website that this documentation was not available for applicants.</p> <p>This brings a risk that the Council may be adopting incorrect and/or out-of-date practices and are not providing constituents with correct information on the planning application requirements, leading to resident dissatisfaction with the Planning Service being provided.</p>
<p>Responsibility</p> <p>Group Manager, Development Management & Planning</p>
<p>Management response / deadline</p> <p>The drafting of a new Local Enforcement Plan has already begun and will be reported to the relevant committees after the elections in June 2019. This would include SPEOSC, DMC, Cabinet and then Council.</p> <p>30 June 2019</p>

Recommendation 3: Decision Making (Priority 1)

<p>Recommendation</p> <p>The Acolaid case management system requires updating to ensure that no breaches of the scheme of delegation can occur.</p>
<p>Observation</p> <p>The Council’s Constitution states that only Team Leader, Group Manager, Assistant Director or Director can make the delegated decisions on Planning Applications. The decisions are recorded within the Acolaid system, this is a case management system which has a decision section. In line with the constitution, only the above individuals in the scheme of delegation should make the final decision, however it was found during testing that the section is unrestricted to other system users. Therefore there is no control that would prevent unauthorised officers from making decisions. Moreover the system has a drop down box to select the individual making the decision, therefore a user could select one of the delegated authorisers to make it appear that they had made that decision.</p> <p>Therefore, there is a risk that Planning Application decisions are not made in line with the Council’s constitution and there is no system functionality to confirm where this has taken place.</p>
<p>Responsibility</p> <p>Group Manager, Development Management & Planning</p>
<p>Management response / deadline</p> <p>I have escalated this to Idox our provider of Acolaid, who are looking into a solution on permissions and this will be part of our next monthly Idox maintenance days. This should be fixed within a month at an upcoming maintenance day.</p> <p>30 April 2019</p> <p>We are upgrading our back office system from Acolaid to Uniform and have a project team of 6 officers working on this, all who will be able to set up new users and restrict permissions from users. Uniform will go live in mid-September.</p> <p>30 September 2019</p>

Recommendation 4: Public Register (Priority 3)

<p>Recommendation</p> <p>A clear and consistent approach to the publication of documentation should be documented and then communicated to staff to ensure it is adhered to.</p>
<p>Observation</p> <p>The Council maintains a public register of its planning applications and these are published with the related documents that include – the application form, supporting information such as plans & drawings, the Planning Officers report and the decision notice issues.</p> <p>From a sample of 10 planning applications, audit testing found that seven of them did not have the Planning Officer report available.</p> <p>Audit was informed that the Planning Officer report is not a mandatory document that needs to be published, but it should be attached for transparency. However, it was noted that this approach to publication of the Officer report is not documented.</p> <p>When applications include a Section 106 agreement, these should be held on a public register alongside the other published documents stated above, however audit testing found from a sample of five, that one was not included on the website.</p> <p>There is risk that the Council are not adhering to statutory obligations in regards to publication of planning application and they are not carrying out a consistent approach to the publication of information.</p>
<p>Responsibility</p> <p>Group Manager, Development Management & Planning</p>
<p>Management response / deadline</p> <p>It seems there is an inconsistent approach when managers sign off a delegated cases, the delegated report should be changed from app and file, to officers report which then sends it to the website when an application is approved. I have reminded all managers of this. It is a similar situation with S106 legal agreements which again I have reminded case officers that all documents should be uploaded and redacted to the website.</p> <p>This change has now been implemented and will be monitored by a random sampling of 5 decisions each week.</p> <p>Implemented</p>

Recommendation 5: Enforcement (Priority 3)

<p>Recommendation</p> <p>The Council should consider carrying out pro-active enforcement activities as part of Enforcement operations.</p> <p>Management should prepare and review appropriate enforcement performance data to aid future decision making.</p>
<p>Observation</p> <p>The enforcement approach taken by the Council is a reactive only service where they carry out investigations when allegations of breaches of planning occur. No inspections are carried out after the completion of works to confirm adherence to the planning application that was granted. This increases the risk that there are frequent breaches of planning application that go unnoticed.</p> <p>One of the KPI's that is monitored by the Planning section is that the enforcement team are carrying out timely inspections once they are informed of an alleged breach and speed of response is set dependent on the priority of the breach that is reported. Whilst this is an indicator of Performance, there are other factors that would provide management with greater insight into how enforcement cases are being handled. For example there is no tracking of the types of resolution that the Enforcement Team are reaching from their investigations. If there are large numbers of one type this could indicate that the best course of action is not being considered.</p> <p>There is risk that management do not have relevant data to make informed decisions in regards to enforcement.</p>
<p>Responsibility</p> <p>Group Manager, Development Management & Planning</p>
<p>Management response / deadline</p> <p>The Councils Local Enforcement Plan sets out It is not an offence to carry out development without first obtaining planning permission for it. Section 73A of the Act specifically provides that a grant of planning permission may relate to development carried out before the date of application. This is known as a retrospective planning application and these are dealt with in the same way as any other planning application.</p> <p>If a development is not causing harm we should not be proactively targeting it just because the works have been carried out without planning permission, we should only be taking action where it is causing demonstrable harm, and hence this comes from complaints received from neighbours, not officers looking for unauthorised works on site visits. This website may be of interest which sets out that enforcement action should be taken in the public interest and I have included an extract below https://www.gov.uk/guidance/ensuring-effective-enforcement</p> <p style="padding-left: 40px;">Enforcement action should, be proportionate to the breach of planning control to which it relates and taken when it is expedient to do so. Where the balance of public interest lies will vary from case to case.</p> <p>We can pro-actively monitor larger sites which we can visibly see have implemented permission, e.g. a large scale development site with clear S106 head of terms requirements. For example, a new crossing provided at a certain point e.g. over 50 homes being constructed the Planning Enforcement Team will pro-actively manage this. This pro-active approach would be a positive change as there have been examples of infrastructure not being provided until later in a development than intended.</p> <p>Of course, it is important that all proposals are built properly and in accordance with plans. I would suggest that the relationship between Building Control and Enforcement is strengthened. When Building Control Officers are on site and recognise that a building is not</p>

being built appropriately they escalate this to the Planning Enforcement Team. This is an efficient use of resources as Building Control Officers are already completing visits on sites that have actually started to implement works. This has already happened on three cases in the past month. A Building Control Officer flagging up a potential early breach of planning permission is a helpful service to the homeowner.

Planning enforcement are also in the process of implementing a proactive process for dealing with breaches of advertisement control. Research is being undertaken to assess particular hot-spots where there are repeated offences from, for example, estate boards, generating regular complaints from members of the public. Through this assessment a Discontinuance Notice would be served in respect of these hot spots, in effecting preventing the display of boards, and all local estate agents informed of this measure. This would break the cycle of complaint, investigation, resolution (board removed), new complaint, etc. and would therefore free up resources to deal with other breaches of planning control. This work has already started.

In terms of tracking the type of resolutions this information is recorded for each case and therefore a report can be run that would provide management with this type of case data. The automatic production of these reports on a monthly / quarterly basis has been fed through to the Uniform project team and will be available from September 2019.

Recommendation 6: Performance Management (Priority 3)

<p>Recommendation</p> <p>The Action Plan (with 49 recommendations) from the Planning Officers Society review should have a clear timetable established for delivery, responsibilities for delivery clearly assigned and a clear reporting process to monitor the delivery of recommendations.</p>
<p>Observation</p> <p>As noted in the background section of this report, the Planning department appointed the Planning Officers Society (POS) to undertake a review to evaluate the set-up of the department and the way in which it was operating. 49 recommendations for ways in which improvements could be made by the planning department were made. It was noted by audit that a number of recommendations raised in the review were in reference to how performance is managed by the section through the use of appropriate KPI's and benchmarking of data.</p> <p>At the time of audit visit in January 2019, the Planning Team had begun to analyse the report findings and had drafted an action plan for the recommendations and begun to prioritise the recommendations, however this had not been fully completed.</p> <p>There is a risk that actions to improve service operations are not undertaken in a timely manner.</p>
<p>Responsibility</p> <p>Group Manager, Development Management & Planning Assistant Director, Planning Development and Regeneration</p>
<p>Management response / deadline</p> <p>The wider Planning Management Team has formulated the action plan. Team Leaders and Assistant Team Leaders have prioritised the actions. We are having an away day w/c 22 April to discuss this with the wider team and take these actions forward.</p> <p>These will be driven forward throughout 2019 and monitored by the Assistant Director for Planning Development, Regeneration, and Group Manager for Development Management and Planning.</p> <p>Any new KPIs will be monitored appropriately and reported via the relevant mechanisms (e.g. Rocket).</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:

- James Doe Assistant Director
- Sara Whelan Group Manager – Development Management and Planning
- Philip Stanley Specialist Services (Planning) Team Leader
- Paul Newton Development Management Team Leader
- Fiona Bogle Business Support (Planning) Team Leader
- Emma Cooper Section 106 Monitoring Officer
- Louise Baldwin Section 106 Monitoring Officer
- Shona Russell Planning Registration Officer
- Rachel Marber Planning Registration Officer
- Cora Watson Enforcement Officer

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

Appendix C - Statement of Responsibility

We take responsibility to Dacorum Borough Council for this report which is prepared since the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any 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.

The matters raised in this report are only those which came to our attention while 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.

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Agenda Item 9

MEETING DATE	DEADLINE TO MEMBER SUPPORT	ITEMS:	RESPONSIBLE PARTY
27/03/19	18/03/19	External Audit Progress Report	Grant Thornton
		Internal Audit Progress Report	Internal Audit (Mazars)
		Completed Service Reports	
		<ul style="list-style-type: none"> • Procurement Strategy • Planning 	
		Audit Committee Work Programme	