Argyll & Bute Council - Internal Audit Report

September 2018

Final

Planning Fees

Audit Opinion: Reasonable

	High	Medium	Low
Number of Findings	1	0	1

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Contents

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll & Bute Council's (the Council) system of internal control and governance in relation to Planning Fees.

2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed.

3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and we would like to record our appreciation for the cooperation and assistance we received from all officers over the course of the audit.

Background

4. From April 2018, the Council began charging for all pre-application advice provided for planning projects irrespective of size. Pre-application advice is an informal advice service provided by the planning department on a variety of planning related topics. These topics can include planning permission, planning permission in principle, advertisement consent, listed building consent, conservation area consent, works to protected trees and certificates of lawfulness. Fees for pre-application advice are outlined on the Council website.

5. As charging for pre-application advice is a new development for the Council it was decided to amend the focus of the audit from a more general one looking at planning fees to one specifically looking at whether the commitments to customers outlined within the Council's guidance are being met and that fees charged are appropriate. The 2018/19 budgeted income for pre-application advice is £65,000.

Scope

6. The scope of the audit was to ensure that that controls are in place around the pre application process and that fees are properly charged.

Audit Opinion

7. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion are provided in Appendix 2 to this report.

8. Our overall audit opinion for this audit is that we can take a **reasonable** level of assurance. Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are a number of areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.

Key Findings

9. We have highlighted one high recommendation, no medium recommendation and one low recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:

- training and/or procedure notes should be provided to ensure staff comply with agreed procedures and charge the appropriate fee for advice provided

- the error in the Civica generated performance report should be rectified to improve the efficiency and accuracy of performance reporting.

10. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

11. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Assessment	Summary Conclusion
1	There are appropriate procedures in place to ensure that pre application advice fees are properly processed and charged.	Reasonable	The Council website includes a section entitled "What is Pre Application Advice" which includes the commitments the council have made to all applicants. Planning utilise two IT systems to facilitate the Pre Advice process. A case management system (Uniform) which stores the request data and the Civica workflow system which guides officers through the key steps required to process an application. The Council website provides a link to the "Scottish Government Fee calculator" which allows applicants to determine the fee that would apply to their application. Staff training via workshops and written procedure notes is still to be provided.
2	Commitments to customers outlined within the guidance are being met and fees charged are appropriate to advice given.	Reasonable	Sample testing has highlighted inconsistent processing of pre-application advice requests including occasions where applicants were not charged fees when they should have been.
3	Performance targets are in place and properly reported.	Substantial	Planning services have a performance target to respond to 75% of all pre applications within 20 days. An error has been identified in the report that generates the performance information. This means performance information is manually calculated before it is entered in the Council's Pyramid system.

12. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

There are appropriate procedures in place to ensure that pre application advice fees are properly processed and charged

13. The Council's website includes a section entitled "What is Pre Application Advice" which includes:

    - what documents must be submitted as part of the application
    - what the applicant can expect in response from the Council
    - a link to a fee table setting out what charges may apply
    - the timescale that the applicant can expect to receive advice.
    - a link to starting the pre advice application process.

14. The website also clearly sets out the fee structure in place for pre application advice with that fee based either on a fixed fee of £1,000 for major developments, 25% of the planning fee with a maximum charge of £800 for permitted development enquires and local developments, or no fee if the advice relates to specific areas such as disability access.

15. To help applicants determine which fee may apply the website has a link to a "Scottish Government Fee calculator". The calculator consists of a series of questions which, once completed, automatically allocates the relevant fee based on the information provided.

16. All applications from 1 April 2018 must be submitted via the website. Where a fee is required acknowledgement of payment from the applicant is automatically sent.

17. All information submitted by the applicant is captured on the Uniform system. Rather than having written procedure notes the planning team utilise Civica as a work flow system that sets out the various tasks a planning officer must follow from initial enquiry through to publication of the final report to the applicant. Civica also stores key template documents which are utilised to provide consistency in the application process.

18. In March 2018 an e-mail was issued to relevant staff informing them of the requirement to charge Pre Application advice fee, of the fee structure being introduced and the process to follow to respond to customers. It also referred to training being provided via a written procedure note and workshops. There is no evidence that this was carried out.

Action Plan 1

Commitments to customers outlined within the guidance are being met and fees charged are appropriate to advice given

19. A planning officer is assigned to each application at the weekly team meetings. Once assigned, an acknowledgement letter is sent to the applicant advising them that the Council will endeavour to respond to the pre application enquiry within 20 days of receipt of the request

20. The Council website summarises the following list of commitments that the Council will meet for all pre application advice requests:

    - a list of relevant polices under the Local Development Plan, Supplementary Guidance Policies, and other relevant material considerations
    - a planning history of the site

- any known constraints such as conservation area, area of panoramic quality, archaeological sites.
- an assessment from an officer of the proposal
- a list of consultees should an application be submitted.

21. A sample of 15 pre advice requests were reviewed to confirm compliance with the processes outlined above and that fees had been charged approximately. This highlighted:

- five fully complied with the council's commitments with the correct templates (as per paragraph 17) used
- eight were given advice but the agreed template was not used meaning not all the commitments were met
- four of those eight were not charged a fee when they should have been
- two were recorded being pre advice but related to other planning issues.

Action Plan 1

Performance targets are in place and properly reported

22. The Council website states that "*It is our aim to issue a pre-application enquiry report containing the information detailed above within 20 working days from receipt of a valid pre-application enquiry*". Included within Civica's workflow process are timely reminders to complete cases within the required timescale. Included within Pyramid, the Council's the performance management system, is a target to meet 75% of all relevant applications within 20 days.

23. The Pyramid scorecard for Quarter 1 for 2018/19 reported performance of 71.1% against the 75% target. The Civica generated report which collates the performance data reported 47.4% for the same period. Audit testing confirmed that there was an error in the Uniform report and that, until the error can be corrected, a manual count is being performed to inform the data input in Pyramid.

Action Plan 2

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	**Compliance with Procedures & Provision of Training** Sample testing of pre advice requests highlighted inconsistent processing of pre-application advice requests including not using appropriate template documentation and erroneously not charging fees. Training and procedure notes intended to support staff when the new fees were introduced does not appear to have been provided.	Failure to comply with agreed procedure and charge appropriate fees may lead to financial loss to the Council and reduced customer satisfaction with services provided.	Training and procedure notes will be completed and circulated.	Development Manager 30 November 2018
Low	2	**Performance Reporting** The Pyramid scorecard for Quarter 1 for 2018/19 reported performance of 71.1% against the 75% target. The Civica generated report which collates the performance data reported 47.4% for the same period. Audit testing confirmed that there was an error in the Uniform report and that, until the error can be corrected, a manual count is being performed to inform the data input in Pyramid.	Relying on manual counts to inform performance reporting increases the risk of error and is an inefficient use of officer time.	This will be investigated and a corrective action will be taken in time for FQ3 reporting.	Development Manager 31 December 2018

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are a number of areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.