INTERNAL AUDIT PROGRESS REPORT

BRENTWOOD BOROUGH COUNCIL

November 2021

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CONTENTS

SUMMARY OF 2021/22 WORK

Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2021/22 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised.

Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

For audits with a substantial or moderate assurance opinions, the executive summaries from the final report are included in the Internal Audit Progress Report. For audits with a limited or no assurance opinion, the full report will be included with the papers.

2020/21 Internal Audit Plan

The following report has been finalised since our last progress report to the Audit and Scrutiny Committee, and the executive summary is included in this report:

- Planning

The following audits are in progress at the time of drafting this report:

- Partnerships
- Capital projects
- Homelessness

Changes to the Plan

We agreed changes to the timings of the audit below, at the request of officers:

- Covid-19 Grants Expenditure - moved from Q1 to Q2 - completed in Q2
- Planning – moved from Q2 to Q3 – completed in Q3
- Building control – moved from Q2 to Q4 as we have not yet secured a scoping meeting
- Democratic services – planned for Q3 but may move to Q4 as we have not yet secured a scoping meeting
- Affordable Housing – planned for Q3 but may move to Q4 as we are still making arrangements for this audit.

Scoping meetings have been held for all remaining Q4 audits.

REVIEW OF 2021/22 WORK

Audit	Exec Lead	Start Date	Planning	Fieldwork	Reporting	Design	Effectiveness
Affordable Housing (carried forward from 2020/21)	Tracey Lilley	Q3					
Risk Management	Jacqui Van Mellaerts	Q4					
Main Financial Systems	Jacqui Van Mellaerts	Q4					
Covid-19 Grants Expenditure	Jacqui Van Mellaerts	Q1	✔	✔	✔ Final	🟢	🟠
Financial Planning and Monitoring	Jacqui Van Mellaerts	Q4					
Capital projects	Jacqui Van Mellaerts	Q3	✔	In progress			
Partnerships	Greg Campbell	Q3	✔	In progress			
Local Development Plan	Phil Drane	Q2	✔	✔	✔ Final	🟢	🟢
IT Data Breaches	Sarah Bennett	Q2	✔	✔	✔ Final	🟢	🟠
Building Control	Phil Drane	Q2					
Planning	Phil Drane	Q2	✔	✔	✔ Final	🟠	🟢
Housing - Homelessness	Tracey Lilley	Q3	✔				
Democratic Services	Amanda Julian	Q3					
Follow Up	Jacqui Van Mellaerts	Ongoing	-------------------Separate follow up report------------------				

EXECUTIVE SUMMARY – PLANNING

EXECUTIVE SUMMARY		
LEVEL OF ASSURANCE:		
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives, with some exceptions.
Effectiveness	Substantial	The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS:

High	0
Medium	3
Low	0
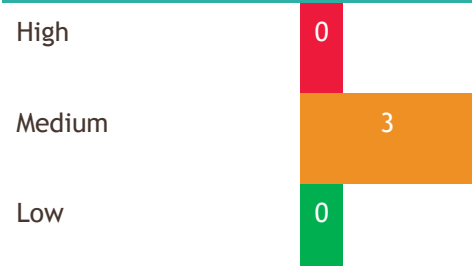
TOTAL NUMBER OF RECOMMENDATIONS: 3

BACKGROUND:

Planning applications are received by the Planning Development Management Team, which consists of nine planning officers who are responsible for providing pre-application advice and reviewing planning applications, and three senior planning officers who are responsible for reviewing and approving the decisions made by planning officers.

The process at Brentwood Borough Council is such that once an optional pre-application discussion has taken place, a planning application is submitted via the planning portal, along with the planning fee. All applications received via the planning portal are managed on the iDocs/Uniform system.

Once both have been received by the Council, it is processed and a decision is made as to whether the application is valid or invalid. The decision made by the planning officer is documented in a report, which is reviewed and approved by a senior officer. The sign-off for planning applications is set out in the Council's Scheme of Delegation, which forms part of its Constitution.

If the application is approved as valid, then a consultation takes place one week after the decision, which lasts for three weeks. If the consultation is successful, the planning application is accepted. If the planning application is invalidated, the applicant is contacted to provide the correct information or pay the correct fee.

Whilst the majority of planning applications are approved by senior officers, applications where the Council is the applicant, or applications which relate to a strategic site or site of public interest are presented to the Planning Committee for approval, which meets on a monthly basis.

Key performance indicators in relation to planning performance are reported to the Audit and Scrutiny Committee on a quarterly basis. The KPIs cover the number of new homes built, the percentage of appeals allowed against the Council's decision to refuse and the timeliness of decisions.

<u>**Planning guidance for applicants**</u>

The Council's website includes a section which sets out the process for applicants to follow when applying for planning permission. This publicly available guidance is comprehensive and clearly includes:

- The types of work that require planning permission
- The information required to be submitted for different types of planning applications
- A fee calculator to determine what fee is required for the type of application being submitted
- The time frame for minor and major applications, from application to decision
- Processes to follow should an applicant wish to appeal a planning decision.

<u>**Pre-application advice**</u>

The Council's Planning Development Management Team offers several types of pre-application advice, such as general advice, fees, advice for major developments and advice for minor developments. Pre-application meetings are held online or by telephone and are available to the applicants and agents. The purpose of the pre-application advice is to discuss the likelihood of gaining planning consent as well as identifying and advising upon any issues which may arise during the process. This service is optional.

By way of context, of a sample of 30 planning applications that we tested from 1 April 2021 to 1 November 2021, applicants sought pre-application advice in eight instances.

<u>**Planning applications and fees paid**</u>

All planning applications and supporting documentation must be submitted via a Planning Portal, which is then uploaded to the Uniform system. When making an application, an online payment must also be made at the same time.

Of the sample of 30 planning applications that we tested from 1 April 2021 to 1 November 2021, in all cases we were provided with evidence of the completed planning application which clearly set out the details of the applicant, agent (where applicable) and proposed works to be carried out, in addition to whether there are any potential conflicts of interest (none in the sample tested). Additionally, in all 30 cases tested, we were provided with evidence of the applicant using the online fee calculator to determine the correct fee and making payments accordingly.

<u>**Delegated Decision Report**</u>

Following receipt of a planning application and completion of the consultation process, a planning officer produces a Delegated Decision Report which sets out the history of the site, summary of the consultation processes, results of additional assessments, neighbour context, compliance with policies (such as the National Planning Policy Framework, National Planning Practice Guidance and General Development Criteria), in addition to an assessment of design, character, appearance and impacts on neighbour activity. The report then includes a conclusion and recommendation of the planning officer.

Of the sample of 30 planning applications that we tested (15 acceptances and 15 rejections) from 1 April 2021 to 1 November 2021, in each case there was a Delegated Decision Report setting out a clear conclusion on whether the application should be accepted or rejected, which was submitted to iDocs for approval. The Council's Constitution provides delegated authority for Senior Officers to approve or reject planning applications, unless the application meets specific criteria where it must be reported to the Planning Committee. Whilst none of the applications in our sample required approval by the Planning Committee, they were approved by a Senior Officer in iDocs, in line with the Council's Constitution.

Decision Notices

Once the planning officer has completed their report, a Decision Notice signed by the Chief Executive is issued to the applicant, which sets out whether the planning application has been accepted or refused and justifications for the decision made.

Of the sample of 30 planning applications that we tested (15 acceptances and 15 refusals) from 1 April 2021 – 1 November 2021, in each case there was a Decision Notice that outlined the decision for accepting or rejecting the planning application.

We were informed that minor applications usually take 6 to 8 weeks to be processed and have a decision sent out, and that major applications usually take up to 13 weeks to process although this may be longer if supported by an environmental impact assessment. We compared the application date to the decision date for the sample of 30 applications and found that the average time from application to decision was 8 weeks, ranging from 3 weeks to 18 weeks. We have noted below that overall the Council is achieving its processing targets for planning applications.

Key Performance Indicator (KPI) Reporting

Key Performance Indicators (KPI's) are reported to the Audit & Scrutiny Committee on a quarterly basis. This is in the form of a performance dashboard, which includes five KPIs linked to the planning service as follows:

- P02: % of appeals allowed against the authority's decision to refuse planning applications. The YTD result is 35.8% against a target of 31%. The most recent update to the Committee stated that monitoring is being undertaken to understand why appeals happen and what can be done to reduce the number of appeals.
- P03: Processing of planning applications as measured against targets for major application types. The YTD result is 100% against a target of 50%.
- P04: Processing of planning applications as measured against targets for minor application types. The YTD result is 97% against a target of 70%.
- P05: Processing of applications as measured against targets for other application types. The YTD result is 99.7% against a target of 80%.

KEY FINDINGS:

We identified the following areas where the control framework needs to be strengthened:

- The Planning Handbook available to staff has not been updated for several years (Finding 1 – Medium).
- Whilst the Council's Planning Application form requests applicants to state whether they are connected to a member of staff and/or elected member, there is no process in place for Planning Officers to record if they have a conflict with any planning applications they have been assigned (Finding 2 – Medium).
- Our testing found that the documentation of the consultation process and responses on Delegated Decision Reports was not detailed enough, as they did not include information about when a site notice and letters were issued, how many letters were issued, and how many responded in favour of or against the proposed development. (Finding 3 – Medium).

CONCLUSION:

Our testing found that the Council has effective processes in place for responding to and processing planning applications through the Uniform and iDocs systems. However, improvement in arrangements is required in relation to maintaining an up to date Planning Handbook for staff, requiring conflicts of interest to be logged by Planning Officers and recording further detail about the consultation process and responses received for each planning application.

Consequently, we conclude moderate assurance over the design of the Council's planning processes and substantial assurance over their operational effectiveness. We have raised three medium priority recommendations.

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Staff guidance The Council should ensure that it has clear staff guidance for reviewing and assessing planning applications and that it carries out periodic reviews of the guidance (e.g. annually) to ensure that it remains up to date and reflects the latest requirements. An updated Handbook should continue to cover, at a minimum: • The role of Councillors and Officers • Planning advice • Declaration of interests in planning applications • Officer reports to Committee • Committee site visits • Lobbying • Public speaking at Committees • Decisions contrary to Officer recommendation/Development Plan • Regular review of planning decisions • Complaints.	Medium	A handbook would support and guide officers on the procedures that are statutory along with an outline of roles and responsibilities. This would guide new members of staff and serve as a point of reference for when processes change or are updated. Overall this would provide a best practice manual. A number of the items listed above include roles and responsibilities or decisions that are not within the gift of Planning Officers, such as Lobbying or Public Speaking at Committees. For example, as a handbook, guidance on making a decision contrary to officer recommendation or the development plan is a matter for the Committee. Formal complaints are dealt with by a separate Corporate team. This will be noted in the handbook.	Caroline Corrigan (Corporate Manager Planning Development Management) 31 May 2022
Conflicts of interest The Planning team should put in place a Declaration of Interests register to log any conflicts of interest where a Planning Officer has been assigned a planning application from an applicant they have a connection with.	Medium	In principle this is agreed. This will be included in the handbook, and officers will be provided with guidelines on when they should declare an interest.	Caroline Corrigan (Corporate Manager Planning Development Management) 1 March 2022

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Documentation regarding consultation The Council should ensure that the Delegated Decision Report template includes prompts for further detail and clarity with regards to the consultation process, including when site notices and letters were issued, the number of letters issued and subsequent responses.	Medium	The inclusion of this information within the delegated report template can be explored as the information on the number and date of letters issued / site notice printed (but not displayed) can be extracted from the database, as well as the number of contributors. A summary of the objections / representations is manually added by the officer.	Anthony Fletcher (Development Management Admin Manager) 1 March 2022

KEY PERFORMANCE INDICATORS 2021/22

Quality Assurance as per the Internal Audit Charter	KPI Results	RAG Rating
1. Annual Audit Plan delivered in line with timetable.	A few audits have been deferred, as detailed on page 3.	🟡
2. Actual days are in accordance with Annual Audit Plan.	This KPI has been met.	🟢
3. Customer satisfaction reports – overall score at least 70% for surveys issued at the end of each audit.	Survey responses received to date have been very positive.	🔵
4. Annual survey to Audit Committee to achieve score of at least 70%.	2021/22 survey in progress.	🟢
5. At least 60% input from qualified staff.	This KPI has been met.	🟢
6. Issue of draft report within 3 weeks of fieldwork 'closing' meeting.	This KPI has been met for 4 out of 4 audits (see table below).	🟢
7. Finalise internal audit report 1 week after management responses to report are received.	This KPI has been met for 4 out of 4 audits (see table below).	🟢
8. Positive result from any external review.	No external audit reviews have been carried out to date.	🔵
9. Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.	The KPI regarding Council agreement of the terms of reference has been met for 5 out of 6 audits (see table below). The KPI regarding draft report has been met for 4 out of 4 audits (see table below).	🟡
10. Audit sponsor to implement audit recommendations within the agreed timeframe.	Of the 9 recommendations raised in 2021/22, 3 have been completed, 1 is in progress and 5 are not yet due.	🔵
11. Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff.	We can confirm that for the audit work undertaken to date, management and staff have supported our work and their co-operation has enabled us to carry out our work in line with the terms of reference through access to records, systems and staff as necessary.	🟢

AUDIT TIMETABLE DETAILS (2021/22 AUDITS)

Audit	Draft TOR issued	Management response to TOR received	Closing meeting	Draft report issued	Management response to draft report received	Final report issued
Affordable Housing (carried forward from 2020/21)						
Risk Management						
Main Financial Systems						
Covid-19 Grants Expenditure	28/07/21	02/08/21 (KPI 9 met)	02/09/21	10/09/21 (KPI 6 met)	15/09/21 (KPI 9 met)	20/09/21 (KPI 7 met)
Financial Planning and Monitoring						
Capital projects	04/11/21	08/11/21 (KPI 9 met)				
Partnerships	29/10/21	03/11/21 (KPI 9 met)				
Local Development Plan	13/08/21	18/08/21 (KPI 9 met)	31/08/21	10/09/21 (KPI 6 met)	13/09/21 (KPI 9 met)	20/09/21 (KPI 7 met)
IT Data Breaches	11/08/21	17/08/21 (KPI 9 met)	24/08/21	03/09/21 (KPI 6 met)	15/09/21 (KPI 9 met)	20/09/21 (KPI 7 met)
Building Control						
Planning	04/11/21	15/11/21 (oral but not received in writing) (KPI 9 not met)	22/11/21	25/11/21 (KPI 6 met)	26/11/21 (KPI 9 met)	29/11/21 (KPI 7 met)
Housing - Homelessness	25/11/21					
Democratic Services						

KEY FOR RAG RATING:

● = met target   ● = not met target

● = partly met target   ● = not applicable

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

FOR MORE INFORMATION:

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