

# Final Internal Audit Report

## Development Management

### June 2018

**Distribution:** Executive Director of Place (Final only)  
 Director of Planning and Strategic Transport  
 Head of Development Management

Assurance Level	Recommendations Made	
<b>Substantial Assurance</b>	Priority 1	6
	Priority 2	2
	Priority 3	3

#### Status of Our Reports

This report ("Report") was prepared by Mazars Public Sector Internal Audit Ltd at the request of London Borough of Croydon 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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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality

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## **1. Introduction**

- 1.1 The London Borough of Croydon made planning application decisions on 2,694 planning applications covering the period 1<sup>st</sup> April 2017 until 25<sup>th</sup> September 2017. In addition, covering the same period there were 100 appeals with 29 of these having been decided on. There were 13 appeals granted and 16 disallowed.
- 1.2 The Development Management team has introduced a 'new way of working' from the second quarter of 2017/18. This is aimed to improve efficiency and is being implemented gradually with officers steadily transferring from the original way of working to the new way of working.
- 1.3 On a weekly basis the Head of Service updates a Weekly Performance Dashboard to show how many planning applications are currently being processed. For the week beginning 2 October 2017, there were 98 applications received with fees totalling £42,000.
- 1.4 Since April 2017, the team has started a new service of Plan Performance Applications (PPA), which is generating further income for planning applications. The Service is there for applicants to use to ensure that their application will be dealt with within the set time limit and gives the applicant a more bespoke and direct service with an officer who will be able to provide a more detailed look and prioritise these cases over others. So far this year (end of Q2), this has generated income of £148,400.
- 1.5 This audit is being undertaken as part of the agreed Internal Audit Plan for 2017/2018.

## **2. Key Issues**

### **Priority 2 Issues**

The Uniform system (system used to record planning applications and decisions) has not been fully utilised to record all relevant information, **(Rec 1)**.

Income receipted via the Planning Technical Support Team was not being reconciled to the Uniform system or Oracle, **(Rec 2)**.

Priority 3 issues are included under item 4 below.

**3. Actions and Key Findings/Rationale**  
**Control Area 2: Pre-Application Engagements**

<b>Priority</b>	<b>Action Proposed by Management</b>	<b>Detailed Finding/Rational – Issue 1</b>
2	<p>Noted – and it is recognised that the DM system relies on information contained within Uniform. Training has taken place to make sure that officer notes are included – so that others will have a sound understanding of planning history – especially relating to pre application engagement as it is important that we are consistent – between pre application and post submission stages. This should mitigate the potential for delays as well as ensuring consistency of advice.</p>	<p>The Uniform system is used by the Council to manage the receipt of planning applications through to the monitoring and, where required, enforcement of these.</p> <p>Examination of the Uniform records for a sample of five pre-planning applications between April and September 2017 established that not all relevant information had been recorded on 'Uniform' with, for example, dates of pre-application meetings not being detailed.</p> <p>Similarly, examination of a sample of 10 decisions established that, although further information had been requested from the applicant in a number of instances, these requests had not been recorded on Uniform.</p> <p>Where all relevant information is not always recorded on Uniform, there is a risk that if another officer takes over any case, time may be wasted by requesting information that has been previously requested, which may further delay decisions.</p>
<b>Responsible officer</b>	<b>Deadline</b>	
Head of Development Management	September 2018	

**Control Area 6: Income Collection and Banking**

<b>Priority</b>		<b>Action Proposed by Management</b>	<b>Detailed Finding/Rational – Issue 2</b>
<b>2</b>	<p>We do question that there are issues with reconciliation. We do reconcile – and make sure that planning applications are properly coded.</p> <p>This recommendation will be discussed further with Finance colleagues at the next budget monitoring exercise, to make sure that planning fees are properly captured in the various costs codes and sub codes.</p> <p>The main issue relates to fees that arrive through the Planning Portal and we need to work further with Finance to understand how they are captured (which they clearly are) in view of the fees that arrive in the sub code.</p>	<p>Reconciling income received for planning applications helps to ensure that the income received matches with that banked and recorded on the Uniform system and on Oracle. Reconciliations are considered a key control by the Council's external auditors.</p> <p>Discussion with the Deputy Team Leader (DTL) Planning Technical Support team established that income received is not reconciled with Oracle. She explained that payments are taken in all sorts of ways and to check all of these would be a huge task, which they do not have the resource for, and that through experience she could tell by looking at the banking sheet whether on the whole things have been allocated to the correct codes.</p> <p>Where reconciliations are not completed, there is a risk that variances between income received and that recorded on the Uniform system and Oracle may not be identified and investigated in a timely manner.</p>	
<b>Responsible officer</b>		<b>Deadline</b>	
Head of Development Management / Management Accountant		1 July 2018	

4. Priority 3 Issues

Action Proposed by Management	Findings 3,4 & 5
<p>a) All information on the web site has now been updated – to reflect the “NWOW” and especially how we engage with local consultees. The Statement of Community Involvement has now been modified to reflect this.</p>	<p>Information regarding planning and development applications is provided on the London Borough of Croydon internet site to help ensure that stakeholders are fully aware of the consultation process. Examination of the planning and development information held on the London Borough of Croydon internet site noted that the ‘How to Comment’ document was dated 2012 and consequently is not up to date with the ‘new ways of working’ methodology recently implemented by the Service.</p>
<p>b) Officers have all been reminded to carry out consultation in accordance with all consultees (including Ward Councillors). Officers are well aware of the consequences on not consulting in accordance with agreed protocols.</p>	<p>For one of the sample of 10 applications tested, there was no evidence of a Councillor consultation notice having been distributed. Where consultation notices/actions are not undertaken, there is a risk that planning and development commences which otherwise may have been rejected if Councillors had been appropriately consulted.</p>
<p>c) All noted – the NWOW process obviously had its teething troubles and with over 5,000 applications received and validated per annum, there are inevitably some issues with delays and processing difficulties (linked to staff availability and resource management). Staff are continually trained in NWOW and in particular – the new tasks they are now required to perform. It is questionable whether we need (in all cases) to explain within Uniform the reasons for any delays. Officers are required to prioritise planning application determination rather than focussing their time justifying or outlining reasons for any minor delays (which in any case, might not be an</p>	<p>Examination of the documentation held for a sample of 10 planning applications, where decisions had been made using the ‘New Ways of Working’, identified that:</p> <ul style="list-style-type: none"> <li>• For one application the incorrect application had been completed and had not been realised.</li> <li>• For three applications there were delays in the decision process, but no notes were present to understand why these delay had arisen.</li> </ul> <p>Furthermore, discussion with the Technical Support Officer identified a further instance where the decision, which was a refusal, had not been made in a timely manner. Where decisions are not made within the required time frames, there is a risk of public dissatisfaction.</p>

issue for the applicant). We maintain contact with applicants and their agents throughout the process and agree Extensions of Time as appropriate – which covers unforeseen issues).

## TERMS OF REFERENCE

### Development Management

#### 1. INTRODUCTION

- 1.1 Development Control is the mechanism by which development (as defined by Town and Country Planning Act 2015) must be authorised by a grant of planning permission issued by the local planning authority
- 1.2 The emphasis of Development Management is a collaborative and engaging process, designed to solve problems associated with proposed development and to achieve positive and sustainable development outcomes for all those engaging in the development process.
- 1.3 The Croydon Development Service Team (DST) is designed for the largest development proposals that are likely to raise a number of issues, including but not exclusive to the following development types:
  - Provision of 50 or more dwellings;
  - Development of tall buildings that exceed the London Mayoral referral threshold;
  - Provision of over 10,000 sq metres of commercial space;
  - Change of use of over 10,000 sq metres of floorspace;
  - Development of a site in excess of 2.5 hectares; and
  - Reserved matters pursuant to outline planning permissions relating to large scale major development
- 1.4 Development Management is designed to be a transparent approach to decision making, involving elected representatives, developers and the local community early in the process, before a formal decision by the Council (either determined by officers under delegated powers or by the Planning Committee).
- 1.5 The Town and Country Planning Order 2015 provides statutory guidance on Development Management and requires that Local planning authorities reach a decision on major developments within 13 weeks beginning with the day immediately following that on which the application is received.
- 1.6 The cost of development management service, is payable in stages and will vary depending on the scale and complexity of the development.
- 1.7 As part of the agreed 2017/18 Internal Audit Plan, an internal audit of Development Management was identified to be undertaken.

#### 2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
  - Walkthrough the processes to consider the key controls;



- Conduct sample testing of the identified key controls, and
- Report on these accordingly.

### 3. SCOPE





3.1 The audit included the following areas:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Regulatory, Organisational and Management Requirements	0	0	1
Pre-application engagements	0	1	0
Validating planning applications	0	0	0
Consultation	0	0	1
Fees	0	0	0
Income collection and banking	0	1	0
Decision	0	0	1
Appeal	0	0	0
Budget Monitoring	0	0	0
Management Reporting	0	0	0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>3</b>

## DEFINITIONS FOR AUDIT OPINIONS AND RECOMMENDATIONS

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to recommendations are based on the following criteria:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
<b>Priority 2 (Medium)</b>	Control weakness that represent an exposure to risk and require timely action.
<b>Priority 3 (Low)</b>	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

## STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon 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.

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