Internal Audit
Report 2016/2017

Planning Applications

▶ Click to launch

Executive summary | Background and scope | Current year findings | Appendices

Executive summary (1 of 4)

Report classification

Limited

Trend

N/A- This is the first time we have reviewed this area.

Total number of findings

Split between current year and prior open issues if relevant

	Critical	High	Medium	Low	Advisory
Control design	-	1	2	-	-
Operating effectiveness	-	1	1	-	-
Total	**-**	**2**	**3**	**-**	**-**

Executive summary (2 of 4)

Headlines/summary of findings

Overall conclusions

A new management team has been in place since May 2016 and there was evidence of some improvement being made to the system of controls within the planning application assessment process. However, our review did identify significant weaknesses in the planning application review and assessment process due to issues in the design of automated and user access controls with the system used to process planning applications, Acolaid. Issues identified around the system audit trail, user access rights and system enforced controls in place mean that the system is highly susceptible to manipulation and abuse through inappropriate or fraudulent activity and action should be taken immediately by management to strengthen the controls embedded within the system. We have included on page 4 a summary process map identifying the key weaknesses within the overall control system.

Based on the findings identified by this review we are only able to give **Limited Assurance** over how the risks covered by this review are being mitigated.

Key findings

- The audit trail supporting the completion of key planning tasks is driven by the user selection from a drop down field that any user can amend rather than being automatically recorded based on the username within the system who has actually processed the task. The audit trail, including evidence of key approvals in the planning application process, may not accurately reflect who has actually performed the task and could be susceptible to manipulation to hide inappropriate activity.

- The system does not enforce segregation of duties between key parts of the planning process such as the initial assessment of the application by a Planning Officer and the subsequent approval by a Planning Manager.

- Roles and responsibilities are not fully aligned to access rights within the system. There are 9 levels of user access rights in the Acolaid system. Those responsible for granting/amending access rights were not able to define what access rights these user profiles permitted.

- Acolaid system user access rights have not been regularly reviewed by management. There are 739 user IDs listed on the Acolaid system. 429 (58%) users had not used the system since 30/3/2016 at the time of audit (01/08/2016) consisting of staff that have left the Council or who no longer require access to Acolaid. There is no effective mechanism in place to identify users who have left the Council or no longer require access to the system and withdraw access rights accordingly.

- There is no evidence an anti-bribery risk assessment has been completed for the Planning Department and anti-bribery awareness training has not been provided to planning staff. The Council may not be able to demonstrate that it has taken steps to prevent bribery resulting in non-compliance with the Bribery Act 2010 which could result in reputational damage and prosecution under this legislation.

- The Council officers a pre-application advice service in relation to prospective planning applicants. Advice issued should be subject to review in advance of being issued. 7/101 (7%) of pre-applications had been processed and reviewed by the same person.

User access:

New Acolaid System users approved by manager

≫

New Acolaid users set up by Technical Services

≫ Finding #2

Staff leaver user profiles removed by Technical Services following notification

Pre-Application review:

Pre-applications can be Received and processed prior to full submission

≫

Application processed by Planning Officer

≫ Finding #4

Planning Manager review

Planning application processing:

Applicant

Electronic applications Ttransferred directly from Planning Portal to Acolaid System

Paper applications input on to Acolaid System by Customer Services Team

≫

Incomplete application

All applications and supporting evidence Vetted by Vetting team to confirm all required information has been received.

≫

Application processed by Planning Officer

≫ Finding #1

Review issues raised

Planning Manager review

≫

Outcome communicated to applicant by Customer Services Team

Finding #3 | Governance arrangements: Including training and management information | Finding #5

Finding #1: System audit trail and workflow
- Drop down user records can be completed by any user;
- Actions are not automatically recorded based on the username within the system who has actually processed the task;
- The audit trail, including evidence of key approvals in the planning application process, may not accurately reflect who has actually performed the task.

Finding #2: Acolaid system user access
- Acolaid system access is not reviewed on a periodic basis to ensure that user access rights are appropriate;
- Digital services do not effectively process Council leavers to remove user access from the Acolaid system;
- Levels of user access rights are not clearly defined and understood.

Finding #3: Anti-bribery Arrangements
- An anti-bribery risk assessment and awareness training has not been provided to staff;
- A planning code of conduct is in place for members, however this does not include provisions relating to officers; and
- There is no requirement to make formal written declarations and a register of interests is not maintained.

Finding #4: Pre-application review
- Upon reviewing an Acolaid system download of all pre-application advice issued in 2016, 7/101 (7%) of pre-applications had been processed and reviewed by the same person; and
- There is no system enforced segregation of duties in Acolaid to support this control

Finding #5: Management Information:
- Inadequate Management Information reporting arrangements in place to effectively monitor and review operational performance.

Executive summary | Background and scope | Current year findings | Appendices

Executive summary (3 of 4)

1 Approval of planning applications: System audit trail and workflow	**High**
2 Acolaid system user access	**High**
3 Anti-bribery arrangements	**Medium**
4 Pre-application review	**Medium**
5 Management Information	**Medium**

Summary of findings by areas of scope:

Area of scope	Number of findings					Finding reference
	Critical	High	Medium	Low	Advisory	
Area 1	-	2	3	-	-	1, 2, 3, 4, 5

Background and scope (1 of 2)

Background

Most new buildings or major changes to existing buildings or the local environment require planning permission. The London Borough of Brent (the Council) is responsible for deciding whether a development - anything from an extension on a house to a new shopping centre - should go ahead.

Planning Policy is supported by legislation, this mainly takes the form of Acts of Parliament and Statutory Instruments. Planning authorities appoint planning officers to assist with assessing planning applications. Most minor and uncontroversial planning applications – around 90% received by most local planning authorities– will be decided through delegated decision-taking powers, which means they are dealt with by local planning authority officers. Larger and more controversial developments are decided by the Planning Committee, informed by officers' recommendations. The terms of reference for the Council's Planning Committee determines what should be referred for decision.

Planning applications can be received online via the national planning portal or by post. The Council receives 60% of applications online and 40% by post. Brent Customer Services are responsible for logging and receipting applications received online on to the system used by Planning Services to process applications.

The Council offers a planning pre-application advice service. The pre-application advice service helps identify proposals that raise critical issues and are difficult to resolve successfully and provide guidance to support proposals accordingly.

This review considered the design and operating effectiveness of key controls in place around the processing of planning applications to ensure that applications are assessed appropriately and objectively and decisions are made in line with delegated officer responsibilities. There was a particular focus on the controls in place to mitigate the risk of fraud or conflicts of interests impacting the planning application process.

Background and scope (2 of 2)

Scope
Sub-process
- Application processing and decision making

Key control objectives
- Assessments are made objectively and sufficient evidence is retained to support decisions made.
- Planning permission decisions are made in accordance with defined roles and responsibilities and delegated powers.

Key risks
- Planning applications may not be assessed appropriately, through fraud or error, exposing the Council to financial, legislative and reputational risk if:
- Records, including rationale and evidence to support decisions made by the Council, are incomplete or inaccurate;
- Roles and responsibilities, including delegated authorities, are not clearly defined, understood and embedded into processes;
- There is insufficient segregation of duties and management oversight of the assessment process;
- System access rights do not reflect roles and responsibilities and do not enforce segregation of duties;
- Management information is not available or assessed to support the identification of inappropriate activity;
- There is insufficient awareness of the Bribery Act to encourage compliance;
- Fraud risks have not been assessed and appropriate safeguards are not in place to manage risk; and
- Conflicts of interest, such as self-review threats, are not identified and resolved

Limitations of scope
- Our internal audit testing has been performed on a judgemental sample basis and focussed on key controls mitigating risks. Our testing has been designed to assess the adequacy and effectiveness of key controls in operation at the time of the audit;
- Please note that in relation to the scope above, whilst our internal audit has assessed the efficiency and effectiveness of key controls from an operational perspective, it is not within our remit as internal auditors to assess the efficiency and effectiveness of policy decisions; and
- This review focussed on officer responsibilities in relation to planning applications only. We have not considered the operating effectiveness of the Council's Planning Committee and associated decision making.

Current year findings (1 of 5)

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Approval of planning applications: System audit trail and workflow

Control design

1

Finding rating

Rating	High

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Finding and root cause

The Acolaid system is used to process planning applications and record evidence of assessment and review. The system also captures the approval of planning applications at key stages of the process. We found:

Audit trail:

- Records of the actions completed by officers in the planning application process, such as the assessment of a planning application by a Planning Officer and subsequent review of the application by a Planning Manager, are recorded using a drop down menu which can be completed by any user;

- The system log that documents the completion of key planning tasks is driven by user selection from the drop down field rather than being automatically recorded based on the username within the system who has actually processed the task;

- Records, including evidence of key approvals in the planning application process, may not accurately reflect who has actually performed the task; and

- Management assert that there is an audit trail maintained of actual user activity however were not able to provide evidence of this and this is not reviewed to identify inappropriate user activity.

Workflow:

- The system does not enforce segregation of duties between key parts of the planning process such as the initial assessment of the application by a Planning Officer and the subsequent approval by a Planning Manager;

- User profiles and access rights in the system are not fully aligned to roles and responsibilities in relation to processing applications. For example, officers responsible for vetting applications for completeness are able to complete the Planning Officer review in the system and Planning Managers are able to complete vetting and Planning Officer review tasks;

- Although we noted that allocation of review work to Planning Officers has been restricted to Planning Managers since May 2016, the system does not record the Planning Manager that has reallocated cases between Planning Officers; and

- There are 9 levels of user access rights to the Acolaid system. However, IT support were not able to define what those access rights permitted. Management did not have a good understanding of the core system controls and there is a high dependency on the system developer.

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Internal Audit Report 2016/17

Current year findings (1 of 5 continued)

Approval of planning applications: System audit trail and workflow

Control design

1

Finding rating

Rating	High

Sample testing:

We reviewed a sample of 40 Planning Applications received in the period 01/01/2016 to 31/07/2016 to assess whether planning tasks and approvals had occurred in line with defined roles and responsibilities:

- 2/40 (5%) cases where the name of the person who input the application onto the system was not completed;

- 1/40 (3%) case where a Planning Manager had input the application onto the system rather than Customer Services. There was no clear reason why this occurred;

- 1/40 (3%) case where an application had been input, vetted and processed by the same individual. It should be noted that in this instance there was approval by a Planning Manager before it was finalised;

- 15/40 (38%) cases where the Planning Officer processing the application had allocated the work to themselves. It should be noted that these predated the changes made in May 2016 where cases can only be allocated by a Planning Manager in the system;

- 3/40 (8%) cases where work had been reallocated to another Planning Officer, however there was no audit trail to identify who has reallocated the work; and

- 2/40 (5%) cases where the Manager reviewing the application had also completed the application assessment and there was no segregation of duties.

Risk

The Acolaid system does not accurately record the allocation and completion of work and the audit trail is susceptible to manipulation. In addition the system does not enforce segregation of duties for key parts of the process and system access rights do not reflect roles and responsibilities. As a result planning applications may be approved without the prerequisite review and approval in line with roles and responsibilities in place. This could result in planning applications being approved inappropriately due to fraud or error.

Internal Audit Report 2016/17

Current year findings (1 of 5 continued)

Approval of planning applications: System audit trail and workflow

Control design

1

Finding rating

Rating	High

Action plan

a) In response to draft Audit findings, the audit trial in the Acolaid system has already been redesigned so that allocation of work and actions completed are recorded automatically based on the user ID. Further work is required to ensure that all actions are recorded in the Actions Screen.

b) In response to draft Audit findings, the segregation of duties has already been enforced by the system for key parts of the process, such as the review and assessment of planning applications by restricting who can allocate and sign off applications as well as inputting Extension of Time. User access rights should be updated to reflect roles and responsibilities in the process.

Responsible person/title:

Interim Team Manager

Target date:

a) 31/01/2017

b) 31/01/2017

Reference number

1

Internal Audit Report 2016/17

Current year findings (2 of 5)

Acolaid system user access
Control design

2

Finding rating

Rating	High

Finding and root cause

From review of the Acolaid system user rights we found:

- There are 739 user IDs are listed on the Acolaid system. 429 (58%) users have not used the system since 30/3/2016 at the time of audit (01/08/2016). From discussion with the Senior Applications Technical Support Officer these will be users who have left the Council;

- There is not an adequate mechanism in place for Digital Services to process leavers or officers who have moved roles and revoke or amend access to the Acolaid system;

- There is no periodic review of the Acolaid system to review whether access rights and current users reflect current staff in post and accurately reflect current roles and responsibilities;

- There are 42 users who have System Admin access rights which allows the user to add, remove and amend user access rights. It is not clear whether this amount of people require administrative access rights. This level of user privilege has been appropriately restricted. The activity of users with administrative access rights on the system is not systematically monitored;

- One user is designated AcoTest user that is not assigned to a specific user. We were informed by the Senior Applications Technical Support Officer that this is a test account that has administrative access rights and is not used. It is not clear who has access to this account and the activity undertaken by this user is not monitored; and

- There are 9 levels of user access rights to the Acolaid system. IT support were not able to define what those access rights permitted and therefore it is not clear whether the granting of access rights is appropriate in light of actual requirements based on roles and responsibilities.

Risk

System access rights do not reflect current roles and responsibilities. Individuals who do not require access to the system or have left the Council have access to the system and are able to make inappropriate changes to records and standing data due to fraud or error.

Current year findings (2 of 5 continued)

Acolaid system user access

Control design

2

Finding rating

Rating	High

Action plan

a) Acolaid system access will be reviewed on a quarterly basis to ensure that user access rights are appropriate and evidence will be retained to demonstrate this review.

b) IT will provide a listing of access rights on a quarterly basis to enable the review of access rights and process any changes required.

c) Individuals with administrative access rights will be reviewed and restricted as a priority. The Planning team will work with the IT team to determine who needs administrative access rights. In addition the user access rights for different user profiles will be clearly defined and understood and current user access rights will be reviewed for appropriateness based on this understanding.

d) The activity of users with administrative access rights on the system will be systematically monitored through the review of audit logs. This will be done on a quarterly process as part of action (a).

e) Digital services will review their processes for processing leavers and removing access to the Acolaide system.

Responsible person/title:

a) Interim Team Manager

b) Senior Applications Technical Support Officer

c) Interim Team Manager & Senior Applications Technical Support Officer

d) Interim Team Manager & Senior Applications Technical Support Officer

e) Senior Applications Technical Support Officer

Target date:

31/01/2017

Reference number

2

Internal Audit Report 2016/17

Current year findings (3 of 5)

Anti-bribery arrangements

Operating effectiveness

3

Finding rating

Rating	Medium

Finding and root cause

Planning Officers are bound by the Royal Town Planning Institute's Code of Conduct, which includes competence, honesty and integrity as key principles. However, this does not include any specific requirements regarding anti-bribery. We reviewed the Council's Anti-Fraud and Bribery Policy and found:

- The Council has committed to maintain adequate and proportionate procedures to prevent bribery, undertake anti-bribery risk assessments and make all employees aware of their responsibilities to adhere strictly to this policy at all times;

- An anti-bribery risk assessment for the planning applications process and anti-bribery awareness training has not been provided to staff;

- A planning code of conduct is in place for members, however this does not include provisions relating to officers. We note that the code of conduct is currently being redrafted to include officers; and

- Planning Officers are required to flag any potential conflicts of interest in processing planning applications on an ad-hoc basis, but there is no requirement to make formal written declarations and a register of interests is not maintained.

Risk

The Council is not able to demonstrate that it has taken steps to prevent bribery resulting in non-compliance with the Bribery Act 2010 which could result in reputational damage and prosecution.

Inappropriate decisions are made regarding proposed planning applications due to bribery and undue influence.

Current year findings (3 of 5 continued)

Anti-bribery arrangements

Operating effectiveness

3

Finding rating

Rating	Medium

Action plan

a) A bribery risk assessment will be completed to ensure adequate and proportionate procedures are in place to prevent bribery. Contact has been made with the Council's legal service to ensure corporate involvement in the roll out and it is proposed to undertake the risk assessment once other actions are embedded in Spring 2017.

b) Anti-bribery training has been provided to ensure planning officers are aware of their responsibilities via the Team Meeting 04/11/2016 and by circulating the Council's Anti-Bribery Policy to the team.

c) Planning Officers will be asked to complete declarations of interest on commencing work with the Council and annually thereafter in April of each year to identify potential conflicts of interest and introduce safeguards if appropriate.

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Responsible person/title:

Interim Team Manager

Target date:

a) 30/04/2017

b) Completed 04/11/2016

c) Ongoing and 30/04/2017

Reference number

3

Current year findings (4 of 5)

Pre-application advice
Operating effectiveness

4

Finding rating

Rating	Medium

Finding and root cause

Prior to submitting a planning application, the Council provides a pre-application advice service to assist applicants to consider how a proposal can be supported. All written pre-application advice on major planning applications should be prepared by a Planning Officer and reviewed by a Planning Manager before being issued to the client.

We found:

- Upon reviewing an Acolaid system download of all pre-application advice issued in 2016, 7/101 (7%) of pre-applications had been processed and reviewed by the same person; and

- There is no system enforced segregation of duties in Acolaid to support this control (See *finding 1*.)

Risk

Insufficient segregation of duties and independent review of pre-application advice may result in poor quality advice not being identified and resolved or inappropriate advice being issued based on the scope of services that can be provided at the pre-application stage.

Action plan

Work has already been on-going to ensure that the Acolaid system prevents officers reviewing and approving their own written advice to customers (excluding Duty Officer query responses).

Responsible person/title:

Interim Team Manager

Target date:

31/01/2017

Reference number:

4

Internal Audit Report 2016/17

Current year findings (5 of 5)

Management Information

Control design

5

Finding rating

Rating	Medium

Finding and root cause

From discussion the Interim Team Manager we found that the statutory quarterly P1 – major planning applications and P2 – local planning applications returns are used for reporting and reviewed by management, but no further management information is produced or reviewed.

From review of the 1 April to 30 June 2016 P2 report, we found that this report details the total number completed records processed within the period and provides a breakdown completion times by different application type. From discussion with staff and management we understand that the returns are a standard format designed to report against statutory requirements and do not provide detailed insight into operational performance and management would not be able to proactively address operational issues in order to mitigate non-compliance with statutory requirements. We found no evidence of additional performance reporting, such as performance of individual vetting and Planning Officers, that would assist in the monitoring and reviewing operational performance and identify inappropriate officer activity.

Risk

There is insufficient performance information available to management to facilitate effective oversight of operational performance. Operational issues are not identified and resolved in a timely manner.

Action plan

Additional Performance Management reporting has been instituted and as a result more robust management reporting has been created and is now available to managers and officers and covers total number of applications in the system, by week, team and officer against targets, number of applications waiting to be validated against target and reporting on individual vetting officer performance, officer caseload reports and dashboard showing number of applications to validated, applications and pre-applications to be determined and appeals to be processed which is considered to be provide over and above the appropriate level to monitor and review operational performance.

Responsible person/title:

Interim Team Manager

Target date:

Completed

Reference number:

5

Appendix A: Basis of our classifications

Individual finding ratings

Critical	A finding that could have a:
	• **Critical** impact on operational performance; or
	• **Critical** monetary or financial statement impact; or
	• **Critical** breach in laws and regulations that could result in material fines or consequences; or
	• **Critical** impact on the reputation or brand of the organisation which could threaten its future viability

High	A finding that could have a:
	• **Significant** impact on operational performance; or
	• **Significant** monetary or financial statement impact; or
	• **Significant** breach in laws and regulations resulting in significant fines and consequences; or
	• **Significant** impact on the reputation or brand of the organisation.

Medium	A finding that could have a:
	• **Moderate** impact on operational; or
	• **Moderate** monetary or financial statement impact; or
	• **Moderate** breach in laws and regulations resulting in fines and consequences; or
	• **Moderate** impact on the reputation or brand of the organisation

Appendix A: Basis of our classifications

Individual finding ratings

Low

A finding that could have a:

- **Minor** impact on the organisation's operational performance; or
- **Minor** monetary or financial statement impact; or
- **Minor** breach in laws and regulations with limited consequences; or
- **Minor** impact on the reputation of the organisation.

Advisory

An observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere. Does not require a formal management response.

Report classifications

The report classification is determined by allocating points to each of the findings included in the report.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding
Advisory	0 points per finding

Report classification	Level of assurance	Points overall
☐	Substantial	5 points or less
☐	Reasonable	6 – 19 points
☐	Limited	20 – 39 points or minimum 2 high risk findings
☐	No	40 points and over

Appendix B: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or

- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.