

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	22 February 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2207 – Planning and Building Standards Income
REPORT NUMBER	IA/AC2207
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Planning and Building Standards Income.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. BACKGROUND / MAIN ISSUES

- 3.1 Internal Audit has completed the attached report which relates to an audit of Planning and Building Standards Income.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

9. APPENDICES

- 9.1 Internal Audit report AC2207 – Planning and Building Standards Income.

10. REPORT AUTHOR DETAILS

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Internal Audit Report

Governance

Planning and Building Standards Income

Issued to:

Gale Beattie, Director – Commissioning
David Dunne, Chief Officer – Strategic Place Planning
Pauline Wilkinson, Business Manager
Fraser Bell, Chief Officer – Governance
Jonathan Belford, Chief Officer – Finance
External Audit

EXECUTIVE SUMMARY

Background

The aim of Aberdeen City Council's Strategic Place Planning Service is to ensure that all proposals for development are of a high placemaking quality, supporting the partnership vision that *'Aberdeen is a place where all people can prosper'*. Development in the city is directed by the policies, proposals, guidance, and planning advice in the Aberdeen Local Development Plan. Planning permission must be sought to demonstrate that development is aligned with these requirements.

A Building Warrant is the permission that is required before starting "building" work. Building covers nearly all building activities including alterations, conversions, and demolition work.

Applications for Planning Permission and Building Warrants can be made via the national Scottish Planning and eBuilding Standards portals and are directed to the Council for applications within the relevant area. Applications should be accompanied by payment of the appropriate fees – the majority of which are set nationally. Following submission, applications are reviewed and will be validated if they include appropriate specified supporting information, and the Council has received the correct fees. Thereafter, further processing can take place to consider the suitability of the proposals.

Objective

The objective of this audit was to provide assurance that there are adequate systems in place to control fee income in respect of both Planning and Building Standards and that they are being complied with.

Assurance

In general, fee income is being adequately controlled through application of the Service procedures. Most payments reviewed were correct, in line with the scale of development / work planned and had been recorded on the system.

Findings and Recommendations

There are comprehensive procedures in place, and the Council's website provides clear guidance on the process to be followed by applicants, and the amount of fees to be paid.

The Council has limited scope to amend fees as most are set nationally. Locally set fees and charges are agreed annually as part of the Council's budget setting process. Details were not available to demonstrate how the fees had been determined and benchmarked. A recommendation graded Significant within audited area was made to document and retain workings in respect of fee reviews.

A sample of 40 applications and 10 refunds was reviewed, and in all cases, the appropriate paperwork and system records were in place. In most cases fees were determined correctly, based on the information submitted by the applicant or their agent. However, in two cases, figures (e.g. site or floor area) included in the application form varied from that shown on the accompanying plans, and this had not been identified and highlighted in advance of the applications being further processed. A recommendation graded Significant within audited area was made to ensure fees are correctly calculated and confirmed to supporting records.

In another case, changes to planned work resulted in a reduction in the fee, but records supporting the change were limited. A recommendation graded Significant within audited area was made to ensure supporting records which affect fees are

retained.

There is currently minor variation in practice for recording receipt references on the system, which makes matching payments with applications after they have been processed more difficult. A recommendation graded Significant within audited area was made to ensure payment receipts are consistently recorded on the system.

There is no routine reconciliation between expected income due as recorded on the system, and income received and recorded on the financial system. There are controls in place to reduce the risk of applications being validated without the fee being paid. A recommendation graded Important within audited area was made to implement periodic reconciliations to provide more comprehensive assurance over this income.

Management Response

The Service has agreed to retain workings of future fee reviews.

Processes are largely governed by national requirements, which are reflected in the national portal used to record applications and payments. This means there is no flexibility to adjust system elements of the process. However, various local procedural changes will be implemented to improve the consistency of information recorded and retained on the system, and to introduce and record a secondary check of non-standard fee calculations – to ensure these are correct and confirmed against submitted documentation / plans.

Improvements to management controls, in addition to existing system controls, reduce the risk of income not being recorded accurately, and the Service will work with Finance to carry out a reconciliation.

11. INTRODUCTION

Planning / Development Management

- 11.1 The aim of Aberdeen City Council's Strategic Place Planning Service is to ensure that all proposals for development are of a high placemaking quality, supporting the partnership vision that 'Aberdeen is a place where all people can prosper'. Development in the city is directed by the policies, proposals, guidance and planning advice in the Aberdeen Local Development Plan and a Business Charter promise is in place that planning applications will be progressed and determined in a resource efficient manner.
- 11.2 Express planning permission is required for the carrying out of building, engineering, mining, or other operations in, on, over or under land, or the making of any material change in the use of any buildings or other land unless it does not fall within the 'meaning of development' in the Town and Country Planning (Scotland) Act 1997, as amended, or it is 'permitted development'.
- 11.3 Applications for Planning Permission can be submitted online via the national Scottish Planning portal. Applications should be accompanied by payment of the appropriate fees – the majority of which are set nationally. Submission of an application for Planning permission does not exempt an applicant from obtaining any other permissions which may be required, for example Building Warrant, or from the Owner.
- 11.4 Following submission, applications are reviewed and will be validated if they include the appropriate supporting information to meet legal requirements and the Council has received the correct fee. Thereafter, further processing can take place to confirm the suitability of the proposed development and make recommendations in respect of determining the outcome. Decisions may be made under delegated powers to specified officers or referred to Committee under specified circumstances.

Building Standards

- 11.5 The purpose of Building Standards is to ensure that building work on both new and existing buildings meet reasonable standards. The intention of the standards is to: Secure the health, safety welfare and convenience of persons in and around buildings; Further the conservation of fuel and power; and further the achievement of sustainable development.
- 11.6 Aberdeen City Council fulfils two roles in this context: Firstly as verifier to protect the public interest where applications for building warrant to construct, alter, extend, convert, provide services, fittings, or equipment to buildings, or demolish buildings have been or are about to be made. And secondly to enforce building legislation in respect of building work carried out without approval and to ensure public safety in respect of dangerous and defective buildings through enforcement processes.
- 11.7 A Building Warrant is the permission which is required before starting "building" work. Building covers nearly all building activities including alterations, conversions, and demolition work. There are some exceptions which are listed fully in the Building Standards (Scotland) Regulations and associated technical handbooks. Submission of an application for Building Warrant does not exempt an applicant from obtaining any other permissions which may be required, for example Planning Permission, or from the Owner.
- 11.8 Applications for Building Warrants can be submitted online via the national eBuilding Standards portal. Applications should be accompanied by payment of the appropriate fees – the majority of which are set nationally.

- 11.9 Following submission, applications are reviewed and will be validated if they include the appropriate supporting information, and the Council has received the correct fee. Thereafter, further processing can take place to confirm the suitability of the proposals and the work carried out.

Audit Work

- 11.10 The objective of this audit was to provide assurance that there are adequate systems in place to control fee income in respect of both Planning and Building Standards and that they are being complied with.
- 11.11 The factual accuracy of this report and action to be taken regarding the recommendations made have been agreed with David Dunne, Chief Officer – Strategic Place Planning, and Pauline Wilkinson, Business Manager.

12. FINDINGS AND RECOMMENDATIONS

12.1 Written Policies and Procedures

- 12.1.1 There are comprehensive procedures in place, and the Council's website provides clear guidance on the process to be followed by applicants, and the amount of fees to be paid. Contact details for the Development Management and Building Standards teams are listed so that further advice can be obtained if required.
- 12.1.2 Fees, rates, and scales are clearly set out on the website. The majority are set by the Scottish Government and were last updated in 2017. Where fees are set by the Council, including e.g. copying charges, advertising fees, section 50 certification, and a recently introduced pre-application review service, these are subject to periodic review and benchmarking, which was last completed in 2019 and is due to be updated in 2021/22. Changes to fees are approved as part of the Council's budget setting process.
- 12.1.3 Public advertisements are required for specified types of planning application. The Town and Country Planning (Charges for Publication of Notices) (Scotland) Regulations 2009 [17] provide for the recovery from the applicant of costs of publicising planning applications. These regulations require that the cost of publication of a notice be divided among the applications to which the notice relates. The Service has noted that in common with most Scottish local authorities Aberdeen City charge a fixed amount that is reviewed every year to try and set an advert fee that when multiplied up by the number of fees equates as far as possible to the estimated total fee take for the year. The Service considers that adjusting each fee to match the actual cost of advertising in each instance would require a disproportionate level of administration.
- 12.1.4 Internal Audit requested supporting calculations demonstrating that all Council-determined fees had been set based on appropriate information – e.g. to cover the cost of the estimated level of activity, and suitable benchmarking comparators. Review details were not available. Whilst the Service provided assurance that these reviews had taken place, retaining supporting information would enhance the process and aid comparison for future years' reviews, and assist in demonstrating that the relevant Regulations have been complied with.

Recommendation

The Service should document and retain workings in respect of its fee reviews.

Service Response / Action

Agreed. The Service will retain the working of any fee reviews.

Implementation Date

March 2022

Responsible Officer

Technical Team
Leader (Applications)

Grading

Significant within audited area

- 12.1.5 Not all fees are included in the Service's list of fees published on the website. Section 50 premises certification fees are listed on the relevant application form instead. Where information is recorded separately there is an increased risk documentation and practice may not be aligned, particularly if fees change.

Recommendation

The Service should ensure fee information on the public website is comprehensive

Service Response / Action

Agreed. The Service will add information to the Building Standards fee page of the website.

<u>Implementation Date</u> March 2022	<u>Responsible Officer</u> Technical Officer (Applications)	<u>Grading</u> Important within audited area
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- 12.1.6 Payments can be made following an application being submitted via the online planning portal, using the Council's separate web payments portal. This lists a variety of fees and payments which can be paid online. Users must select the relevant transaction type (e.g. planning application, building warrant) enter their details and input the amount of fee they are paying - based on an e-planning fee calculator for which a link is provided. Fees are all correctly displayed on the website and can be calculated and paid using this method.
- 12.1.7 Internal Audit noted that the Council's online payments portal planning payment option omitted a field for the planning application reference. Whilst the relevant application can be matched by officers from other details including applicant name and site address, including an option to provide the application reference (as is available for building warrant payments) would make it easier to match payments to applications.

<u>Recommendation</u> The Service should consider updating the payments portal to provide applicants with the facility to enter the planning application reference number.		
<u>Service Response / Action</u> Agreed. The Service has considered this and determined that it would not be of benefit. Due to the way application references are generated, and the use of agents, applicants for planning permission will not always have the reference to hand when making payment. Requiring the reference number could delay payment as a result. Payments are being matched efficiently using the existing data.		
<u>Implementation Date</u> Implemented	<u>Responsible Officer</u> Technical Team Leader (Applications)	<u>Grading</u> Important within audited area

- 12.1.8 When a Planning Application or Building Warrant request is received, it is sent to the Development Management and Building Standards technical team to review the application to ensure it is valid and to calculate the fees due. Applications should only be validated if they include all relevant information and are accompanied with payment of the appropriate fees.
- 12.1.9 Applicants have 10 days (planning) & 42 days (building warrant) within which to complete payment of the associated fees and are reminded within this period that the application cannot be progressed until the fee is received and may be withdrawn if it is not concluded. System reports are run to identify overdue payments and cancel the applications where required.
- 12.1.10 Applications are processed via the e-portal, which is a national system used by all local authorities, and which can be accessed via the Council's website. This creates a record on the Council's matching planning and building standards management system. Paperwork / filing requirements are determined by the application and validation process, and this reflects the system setup. The Council uses the national planning and building standards portal therefore there is limited scope for local variation in practice.
- 12.1.11 The system is used to record fees due e.g. for particular types of application and for those based on e.g. site or floor areas, or valuations. There are exemptions and discounts available under certain specified circumstances. Fees are manually recalculated by the

validation team based on the application and supporting information to ensure they are accurate.

- 12.1.12 Payments are processed primarily using the Council's online payments portal. Some payments are made via BACS, for which additional processes are in place. Applications from other Council Services are paid via journal entry within the Council's financial system. The validation team checks daily for payments, which are then matched against applications on the Uniform casework system. As part of this, the income is coded to specific financial codes for Planning, Building Standards, and for different types of application / payments.
- 12.1.13 After validation, Officers from the Development Management and Building Standards teams review the applications against relevant standards and requirements prior to recommending their approval, conditions, or rejection in line with the relevant national and local planning, development and building standards. Part of this review includes ensuring fees have been calculated correctly.
- 12.1.14 Refunds will sometimes be due if the agent or applicant has paid too much in error, their application is found to be eligible for a reduced or nil fee, or if it is withdrawn prior to validation, is time expired, or changed. Refunds are returned to the original payment method, with card transactions processed back through the online portal if the refund is identified within 6 months of the original payment. BACS refunds and those outside of the 6 month window in which card details are retained by the system, are processed through the Council's payments system, following receipt of written confirmation of supplier and bank details.

12.2 Planning Applications

- 12.2.1 A sample of 20 planning applications, and 5 refunded planning fees was reviewed to ensure all appropriate paperwork had been received and fully completed prior to applications being validated and determined; and to ensure the correct fees had been calculated, paid, and recorded accurately on the system.
- 12.2.2 In all cases, the appropriate paperwork and system records were in place to show that an application had been submitted, and either contained the appropriate details or was returned to the applicant to obtain further detail prior to processing.
- 12.2.3 In all cases, the relevant forms and plans had been submitted before applications were validated and considered by the planning team. In a small number of cases, validation had been delayed pending receipt of further information, or the correct fee - demonstrating that applications are being checked, and where appropriate challenged, prior to validation.
- 12.2.4 In most cases fees were determined correctly, based on the information submitted by the applicant or their agent. However, in two cases figures (e.g. site or floor area) included in the application form varied from that shown on the accompanying plans, and this had not been identified and highlighted by the validation team in advance of the application being further processed.
- 12.2.5 In the first case, the applicant had submitted various plans of the site area and had selected a lower figure for use on the application form based on the individual parts of land on which aspects of the development was to be constructed rather than the whole site area as required. The Service had not compared the site area recorded on the plans with that stated on the application form. This resulted in an underpayment of £5,917. Where lower fees than required are accepted, this presents a risk that work will be done and the cost of dealing with an application will exceed the fees paid. Whilst there may be an opportunity for the Planning Officers dealing with the case to identify errors and seek

further payment later, this should be taking place prior to validation. It may be difficult to obtain payment later, particularly if it is considered unlikely that permission will be granted and therefore permission is not contingent on final payment being made.

- 12.2.6 In the second case, the applicant submitted plans which were in line with the floor area noted in the narrative description of the development included in the application form, but which were smaller than the floor area recorded in the relevant box on the application form. The Service had not compared the site area recorded on the plans with that stated on the application form. This resulted in an estimated overpayment of £802. Where higher than required fees are paid, the Service does not generally refund the difference. Whilst in this case it was the applicant's error, there is a potential reputational risk, and applicants may be discouraged from making further applications.
- 12.2.7 Whilst relevant information and documentation is held on the system, the calculation of fees is not typically recorded - therefore for particularly complex plans there may be less assurance that the fees are accurate, unless another officer re-calculates them. If there has been an error (e.g. incorrect figures are used, or a different set of plans) it may not be easily identified and corrected.
- 12.2.8 The Service indicated that in some cases the applicant's figures from the application form are used without further review or are confirmed with the applicant directly with no record maintained of this communication. This presents a risk that applicants might complete the application form using lower, incorrect, or rounded down figures, and that this may not be identified and corrected: resulting in a lower than required fee being submitted and accepted.

Recommendation

The Service should ensure all application fees are recalculated and confirmed against supporting records (e.g. scale plans) prior to validation, and that the method of calculation used is recorded on the system.

Service Response / Action

Agreed. There will be a change of procedure. The Validation team will check each other's non-standard fee calculations against submitted plans and record these on the notepad in Uniform with the date, initials, and workings.

All written procedures will be updated to reflect these changes.

Implementation Date

March 2022

Responsible Officer

Technical Team Leader
(Applications)

Grading

Significant within audited
area

- 12.2.9 Payments can be made online by debit / credit card to either the Council directly, or via the Scottish Planning Portal. Larger payments, typically those made by or on behalf of business applicants, are paid into the Council's bank account via BACS. Internal charges for Council planning applications are processed in the financial system by journal entry.
- 12.2.10 Income is largely processed via the web-pay / income management system. BACS income is reviewed when an applicant indicates a payment has been made, and this is matched to relevant applications, and journaled from the bank account to planning or building standards financial codes as required. In all cases the Service was able to produce documentation to demonstrate income had been correctly identified and matched to the relevant application. There is no specific record of authorisation - cases are transferred / reassigned between teams / officers as they progress through the various stages - i.e. it is system controlled and the details are saved within the system.

12.2.11 In all cases reviewed, fees had been paid prior to the application being validated, which comes before the content of the application is considered by Officers. However, validation is taking place prior to internal recharges (for Council Service Planning applications) being processed - at the point a journal entry is requested rather than after the relevant balances have been adjusted in the financial ledger system. Internal transactions present a lower risk; therefore no recommendation is being made here in this regard.

12.2.12 In all cases, payments had been recorded, and planning documentation being processed indicated the receipt of those payments. However, there is variation in how the receipt of income is cross-referenced in the system. The 'receipt number' field on the system is limited to 8 characters, whereas references from the income management system are typically 12 characters in length. A longer 'reference' field is often used instead, however it is not always used consistently. The Service does not have unique references for BACS payments, and varying references are used for internal journal entries. Variation in recording will make it more difficult to find, and reconcile payments with specific applications, if required later.

<p><u>Recommendation</u> The Service should ensure payment receipts are consistently recorded on the system.</p>		
<p><u>Service Response / Action</u> Agreed.</p> <p>The "Reference number" is automatically entered when a payment is made via ePortals, and the "Receipt" number is manually entered during payment reconciliation if payment is made via ACC's website (WebPay). The Service has no way of automating this for WebPay or BACS payments.</p> <p>The reference and receipt field lengths are set by IDOX. The Service cannot change them but will suggest an increase in length to this field to IDOX via the normal suggestion forum for their consideration in a future upgrade.</p> <p>Change of procedure: the Service will enter WebPay and BACS payment references into the "Receipt" field. BACS payments will be assigned a unique Reference number on the corresponding recording spreadsheet, and this will be manually entered into the Receipt Number field in Uniform. There is no way for the Service to automate or link the entry of these. This ensures that references will be consistently in the same place on Uniform for both DM and BS.</p> <p>All written procedures will be updated to reflect these changes.</p>		
<p><u>Implementation Date</u> March 2022</p>	<p><u>Responsible Officer</u> Technical Team Leader (Applications)</p>	<p><u>Grading</u> Significant within audited area</p>

12.2.13 There is no VAT on planning applications, and none had been charged or recorded. Advertising fees do however include VAT as they are effectively a recharge of costs incurred advertising planning applications (where this is required by the relevant regulations). Advertising fees have regularly been coded on the financial system as not subject to VAT, and then subsequently corrected through journal entry to reallocate the VAT element. Finance has confirmed that the fees had not been correctly set up for VAT on the income management system, and that this has now been corrected.

12.2.14 There are occasional journal adjustments required to move payments between Planning and Building Standards (3 within a sample of 25). This presents a small risk of error in

recording / financial information, but also demonstrates that these are being identified and adjusted as required.

- 12.2.15 Each of the 5 refunds reviewed had been appropriately calculated and paid. In most cases, refunds can be paid back to the original payment card through the Council's income management system - but this is only the case where payments were received using that system, and where refunds are processed within 6 months of the original payment. Where this is not the case, the Service contacts the applicant to request their bank details to process the payment. There is no further stage of verification, and the procedure does not state where the contact details should be taken from. This presents a risk that details from another source could be used, and a refund processed to the wrong account.

Recommendation

The Service should update refund procedures to enhance assurance over confirming bank details with the relevant applicants.

Service Response / Action

Agreed. The written procedure will be updated to include the checking method of details provided.

Implementation Date

March 2022

Responsible Officer

Technical Team Leader
(Applications)

Grading

Important within audited
area

- 12.2.16 There are no periodic reconciliations between the number and value of applications / warrants issued, and records of income in the financial ledger system. As noted at 2.2.12 above, records on the Planning / Building Standards system and in the financial system do not make it straightforward to reconcile the data - receipt numbers in the Planning / Building Standards system are stored in different formats and in different fields (receipt or reference) depending on the type of transaction and the officer inputting them; and whilst it is regularly noted on the accompanying paperwork, this data is not always included in the ledger description or reference fields. Advertising fees can be more difficult to reconcile since they are all charged the same fee. Without a reconciliation, there is a risk that applications may be processed without payment of the correct fee, and that this may not be identified and addressed.

- 12.2.17 The Service has however highlighted that management controls provide assurance over the completeness of income: Receipt of fees is normally recorded and allocated by a separate group of staff to those validating applications. The validation team then must check and record that the fees match the required application and value and cannot do so until fee receipt has been recorded on the system. The Development Management and Building Standards Managers meet monthly with Finance to review fee income and if there are discrepancies between expected and recorded income these are then investigated, though this does not currently include a full reconciliation. Taken together these reduce the risk of errors. A detailed reconciliation would however still be best practice to provide more comprehensive assurance over this income.

Recommendation

The Service should implement periodic reconciliations between the number and value of applications / warrants issued, and records of income in the financial system.

Service Response / Action

Agreed.

The Service will review options with Finance for reconciling fee income and if there are discrepancies between expected and recorded income these are then investigated.

<u>Implementation Date</u> April 2022	<u>Responsible Officer</u> Technical Team Leader (Applications)	<u>Grading</u> Important within audited area
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12.3 Building Warrant Applications

- 12.3.1 A sample of 20 building warrant applications, and 5 refunded application fees was reviewed to ensure all appropriate paperwork had been received and fully completed prior to applications being validated and determined; and to ensure the correct fees had been calculated, paid, and recorded accurately on the system.
- 12.3.2 Paperwork / filing requirements are determined by the application and validation process, and this reflects the system setup. The Service uses the national building standards portal, therefore there is limited scope for local variation in practice. Cases are transferred / reassigned between teams in the ACC backend of the system as they progress through the various stages.
- 12.3.3 In all cases, the appropriate paperwork was in place to show that an application had been submitted, and either contained the appropriate details or was returned to the applicant to obtain further detail prior to processing. In all cases, the relevant forms had been submitted before applications were validated and considered by the building standards team. And fees had been determined correctly, based on the information submitted by the applicant or their agent. In all cases reviewed, fees had been paid prior to the application being validated, which comes before the content of the application is considered by the Building Standards team.
- 12.3.4 Discounts are available where applicants have indicated on their application that design and / or construction certification will be provided. These discounts are applied at the application stage, but completion certificates can only be provided by the Service after this certification has been provided by the applicant, or the difference in fees paid.
- 12.3.5 In one case the valuation of the works, on which the cost of the Building Warrant is based, was reduced by £40,000 (£206.00 fee reduction). Whilst there are records of the change on the system, and letters have been generated for the applicant confirming one amount and then the other, there was no information supporting why the valuation had decreased. In the absence of supporting records, there is a risk that if values have been changed erroneously, a lower fee might be charged than required and this may not be identified and corrected. Whilst there may be an opportunity for the Building Standards Officers dealing with the case to identify errors and seek further payment, checks of supporting records should be taking place prior to validation.

<u>Recommendation</u> The Service should ensure supporting records are retained showing changes in building works valuation which impact on the level of fee charged.		
<u>Service Response / Action</u> Agreed. Change to procedure: Along with saving emails received and sent re cost of work changes to the DMS, details of the change will be recorded on the notepad in Uniform, to include date, details of change and persons initials.		
<u>Implementation Date</u> March 2022	<u>Responsible Officer</u> Technical Team Leader (Applications)	<u>Grading</u> Significant within audited area

- 12.3.6 Payments can be made online by debit / credit card to either the Council directly, or via the eBuilding Standards Portal. Larger payments, typically those made by or on behalf of business applicants, are paid via BACS. Internal charges for Council planning applications are processed in the financial system by journal entry.
- 12.3.7 Income is largely processed via the web-pay / income management system. BACS income is reviewed when indicated by the applicant, matched to relevant applications, and journaled from the bank account to financial codes as required. In all cases the Service was able to produce documentation to demonstrate income had been correctly identified and matched to the relevant application.
- 12.3.8 There is no VAT on building warrants, and none had been charged or recorded.
- 12.3.9 In all cases, payments had been recorded, and building standards documentation being processed indicated the receipt of those payments. However, as with planning fees, there is variation in how the receipt of income is cross-referenced in the system. As with planning fees, there are no periodic reconciliations, and the format and consistency of records are likely to make this difficult to implement. Recommendations have been made at 2.2.12 and 2.2.16 above.
- 12.3.10 A sample of 5 refunds was reviewed. Each had been appropriately calculated and paid. As with planning fees, the process for checking bank details presents potential risks. A recommendation has been made at 2.2.15 above.

AUDITORS:

J Dale
C Harvey

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the organisation.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.