

Bolsover, Chesterfield and North East Derbyshire District Councils'

Internal Audit Consortium

Internal Audit Report

Authority:	Chesterfield Borough Council
Subject:	Planning Fees Income
Date of Issue:	20th April 2022
Level of Assurance	Limited Assurance

Report Distribution:	Service Director – Economic Growth/ Development Management & Conservation Manager
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**CHESTERFIELD
BOROUGH COUNCIL**



**North East
Derbyshire
District Council**

INTERNAL AUDIT REPORT

Planning Fees Income

Introduction

An audit review of the procedures in respect of the collection, recording and banking of income arising from Planning Applications and miscellaneous income has recently been completed.

Scope and Objectives

The scope and objectives of the audit was to confirm for each application received that payment had been made (where applicable) and that adequate procedures and controls are in place for administering payments. Areas examined as part of the audit include: -

- Fees and charges
- Use of controlled financial stationery
- Sample of planning applications (25)
- Income and expenditure comparison
- Previous audit recommendations

Conclusion

The overall assessment of the reliability of the internal controls operating in the above areas was assessed as giving **Limited Assurance** (Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed).

Acknowledgement

The Auditor would like to thank the Development Management & Conservation Manager and Planning Technicians for the helpful assistance during the audit.

Findings and Recommendations

Previous Audit Recommendations

1. The previous audit was completed in April 2016. A total of 2 recommendations were reported. A review of these recommendations established the following: -

2 Previous Audit Recommendations	
Not Completed and reiterated in this report	2

2. The two previous audit recommendations have been incorporated into this report: -
 - Previous Audit Recommendation R1 has been incorporated into R9
 - Previous Audit Recommendation R2 has been incorporated into R1

Fees and Charges

3. Planning Application fees are set nationally and were last revised in January 2018. It was identified that the Councils fees and charges reflect these changes.
4. At the time of the audit the current fees and charges were not available to view on the Councils web-site.

Recommendation	
R1	It would be prudent for a fee schedule to be accessible on the Councils Website. (Priority – Low)

Banking Procedures

5. Payments for planning application fees and miscellaneous fees can be paid by the following options:
 - Payment in person at the Customer Services Centre
 - Cheque payments by post
 - Debit / Credit card payments made over the telephone (processed by Revenues Cashiers)
6. If an application is submitted via the Planning Portal the fee is made payable to the Planning Portal. Once the application is released to the Council the Planning Portal pay the fees by BACS.
7. Income received via the Electronic Deposit Machines (EDM) in the Customer Contact Centre is detailed on a daily Fund 20 report. The Fund 20 report is generated by the Paye.net system and is emailed to the General Planning Inbox daily.
8. Cheque payments received in the post are paid in via the Electronic Deposit Machines (EDM) at the Customer Contact Centre by one of the Planning Technicians. These are also detailed on the Fund 20 Report.
9. Debit/Credit card payments taken over the phone are processed through Paye.net and these are also included on the Fund 20 Report.
10. The fund 20 report identifies planning application fees that have been paid by credit/debit card over the phone or via the EDM located in the revenues hall, or cash/cheque payments made via the EDM. When payment is taken the planning application reference number or site address is entered to identify which application the payment relates too.
11. A sample of two months fund 20 reports (01/11/2021 to 28/11/2021) & (29/11/2021 to 23/12/2021) were checked and reconciled to a report run from Paye.net and confirmed that CAPS (Planning System) had been updated, no issues were identified within the sample.

12. The fund 20 reports are saved electronically, following a review of 2021 fund 20 reports it was identified that 3 months (June, July & Aug 2021) were missing. It was established that there was an issue with not receiving the Fund 20 reports by email and this was not followed up/investigated at the time.
13. It was ascertained with ICT that there were no known or reported issues with Paye.net during the above period

Recommendation	
R2	It is essential that all Fund 20 Reports are saved and any missing reports are followed up with ICT. <i>(Priority – Medium)</i>

14. It was identified during the audit that no reconciliations of the daily fund 20 reports and the planning system CAPS takes place to confirm the payment made has been updated in CAPS.
15. It was also identified that on occasions Support Services have taken planning fees and not informed the planning office and subsequently the Caps system has not been updated to show the fee has been paid. If a reconciliation of the fund 20 reports had taken place by the planning service, the payment would have been identified.
16. Fund 10 cashier's receipts are provided to the Planning Service from the cashiers. These identify payments that have been made direct into the Councils bank account. The receipts identify the amount paid and a reference number relating to the planning application.
17. Cashiers complete a XX Income Paying-In Slip with the Planning Services cost centre and account code and amount (£). These are then passed to Accountancy.
18. The majority of the fund 10 receipts that Planning Services receive from cashiers are in relation to payments for applications received from the Planning Portal. Other instances where Planning Services would receive a Fund 10 cashier's receipt is if a customer paid their planning fee by bank transfer or a faster payment.
19. A sample of two months Fund 10 receipts (01/11/2021 to 28/11/2021) & (29/11/2021 to 23/12/2021) were checked and reconciled to the documentation that the planning portal send to Planning Services, Unit4 (FMS) and CAPS to confirm all payments had been received and that CAPS had been updated with the correct fees received. The following was identified: -
 - 3 payments were received, and the receipt passed to Planning Services, but the incorrect income code was written on the paying in slip.
 - 1 payment for a planning portal application – the planning portal remittance no. written on the receipt could not be identified on the list of applications submitted by the planning portal, establishing the fee did not relate to an application but this was not followed up by Planning Services at the time. This was resolved at the time of the audit; the Planning Portal were

contacted, and it was established that the applications under the Remittance ref: PPA1015171121 had been submitted and the fees paid but the remittance details had not been emailed.

- 1 payment for a planning portal application – the remittance number on the fund 10 receipt was confirmed to the list of applications received from the planning portal but the planning portal number which relates to the remittance number could not be identified in the CAPS system so could not view the application. This was discussed with the Planning Technician – Validating who confirmed the application number and identified the Planning Portal number was not visible in CAPS. This was corrected at the time of the audit.

20. It was identified that there is a reconciliation process but no reconciliations of the fund 10 cashier's receipts are being completed. This was discussed with the Planning Technician – Validation who had raised concerns that due to staff shortages this task is not being completed.
21. During the scoping of the audit the Development Management & Conservation Manager raised concerns that planning fees are being paid by the customer and planning are not being notified of the payment being received.
22. Example -: **[03/02/2022 11:28]**

I've just had a phone call from someone to check why an application hasn't been validated. They paid the fee by BACS on 11th January - £116.00 - CHE/21/00925/DOC.

A check of the fund 10 receipts which are stored in the Planning Office identified a receipt confirming payment on the 12/01/2021. If a reconciliation of the fund 10 receipts had taken place the receipt would have been identified.

Recommendation	
R3	It is essential that banking reconciliations between the Fund 20 Reports and CAPS and the Fund 10 Cashiers Receipts and the Planning Portal Remittance Notifications / CAPS are undertaken on a daily basis. <i>(Priority – Medium)</i>

23. It was identified that no management checks take place in relation to: -
- Planning income being received.
 - Fund 20 and Fund 10 Cashiers receipts have been reconciled to the CAPS system and the Planning Portal Remittance Notifications.
 - Confirming the fee has been coded to the correct planning application.
 - Confirming the fee is correct.
 - Confirming CAPS had been updated with the correct fee and date.
 - Confirm the correct validation date has been entered on CAPS in relation to a planning application where the application was invalid awaiting a fee.

Recommendation	
R4	It is essential that the Development Management & Conservation Manager completes monthly management checks to ensure planning fees are accounted for and the CAPS system is up to date and to confirm these reconciliations are taking place on a daily basis. <i>(Priority – Medium)</i>

24. The Development Management & Conservation Manager does do a monthly reconciliation between the monthly budget monitoring reports and the CAPS system but this is not documented. This generally does not reconcile due to the processing times but any significant variances would be discussed with Accountancy.

Recommendation	
R5	It would be prudent for the Development Management & Conservation Manager to document his monthly reconciliations to highlight any significant variances. <i>(Priority – Medium)</i>

25. A reconciliation does occur on an annual basis between the Fund 20 and the C+D Book, this is completed by Accountancy.
26. As evidenced in the auditors testing of all four systems (CAPS, Unit4, Capita & C+D Book) that they do not correctly reconcile across the financial year, this is due to the processing times of planning applications.
27. It was identified that any cheques received in the post are paid in via the Electronic Deposit Machines (EDM) at the Customer Service Centre.
28. A report was produced from Paye.net for October, November and December 2021 and the sample of applications selected was any payments made by cheque.
29. A sample of 5 applications identified the following: -
- Two applications were received on the 01.10.2021, The CAPS system states the payments were received on the 06.10.2021 and the applications were made valid on the 01.10.2021. This meaning both applications were made valid before the fee was received or the incorrect date has been entered in the payment screen i.e., the date the cheque was banked has been used instead of the date it was received.
 - One of these two applications above stated in CAPS that the payment was made by card instead of cheque.
 - 3 applications took 22 days, 26 Days, and 37 days to be banked - from the date they were received.

Recommendation	
R6	It is essential that cheques are banked on a weekly basis <i>(Priority Medium)</i>

30. Any planning application fees that are paid directly into the Councils bank account, the cashiers complete a paying in slip with the amount, account code, cost centre and date received, which is sent to accountancy to be coded in the FMS.
31. A sample of paying in slips (wks.32 to 35) held in accountancy were checked for accuracy and it was identified that two paying slips had been incorrectly coded to income code 9150 0431 (Land Charges)
32. It was identified no reconciliations are undertaken of planning fees to Unit4

Recommendation	
R7	It is essential that the Development Management & Conservation Manager completes regular reconciliations between cashier's receipts and Unit4 to ensure planning income has been correctly coded <i>(Priority Medium)</i>

Planning Fees

33. A sample of 25 planning applications was selected. The following was identified:
 - All application fees were calculated based on the schedule of rates and confirmed as correct.
 - All application fees have been paid in full.
 - All application fee payments were traced back to Capita reports, XX paying in slips, Receipts.
 - All applications have been checked on the CAPS system to confirm that the payment has been registered against the application details.
 - All applications have been approved by the correct means (Delegated officer or committee).
 - 9 Applications (36%) were decided inside the target timeframe.
 - 9 Applications (36%) were decided Outside the target timeframe.
 - 4 Applications (16%) were decided outside the target timeframe but in time with an agreed extension of time confirmed by the applicant/agent.
 - 2 Applications (8%) were still pending a decision but inside the target timeframe at the time of the audit.
 - 1 Application (4%) was found to be Permitted Development therefore no decision was required.
 - A review of the Quarter 3 monthly KPI figure shows on average 89% of delegated decision were made in time, the KPI Target being 90%

Miscellaneous Income

34. As cash is no longer received by the planning department no banking takes place.
35. When a member of the public is charged for misc. fee's, they're options for payment are the same as payments for planning applications which are stated above.
36. When payments are made via the Electronic Deposit Machines (EDM) at the Customer Service Centre the customer is required to enter the prefix "PLAN/" followed by a brief description or reference. This ensures that all planning miscellaneous fees are allocated to correct cost centre/account code.
37. There are minimal payments received for planning miscellaneous (sales of plans, photocopies etc) as these are available on Chesterfield Borough Councils website to download or print.
38. A report from Unit 4 established four payments totalling £35.00 were received in 2021/22 for copies of planning consents.
39. It was identified that the current miscellaneous fees and charges has not been reviewed since 2007. A recommendation was made in the 2016 Planning Income Audit to review the fees and charges. It was established that a review has not taken place.

Recommendation	
R8	As mentioned in the previous audit it would be prudent to review miscellaneous charges on a regular basis (Low Priority)

Income and Expenditure

40. It was established with the Senior Accounting Technician that there were no significant/major variances and expenses have not changed by a significant amount.
41. The monitoring of planning income for 2021/22 identifies fees and charges are above forecast by 10K to date. No issues were identified.

Appendix 1

Internal Audit Consortium Opinion Definitions

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

Internal Audit Report – Implementation Schedule

Report Title:	Planning Fees Income	Report Date:	20 th April 2022
		Response Due By Date:	11 th May 2022

	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R1	It would be prudent for a fee schedule to be accessible on the Councils Website.	Low	✓	PS	End April 22	Should be medium priority to improve chance of correct fees being charged.	Need to establish planning contact for keeping website up to date.	Noted some fees changed 2021 (but not affected any CBC applications).
R2	It is essential that all Fund 20 Reports are saved, and any missing reports are followed up with ICT.	Medium	✓	PK/DG/ SGW	End April 22	no	no	Agreed to be saved direct from General Planning Enquiries inbox where received.
R3	It is essential that banking reconciliations between the Fund 20 Reports and CAPS and the Fund 10 Cashiers Receipts and the Planning Portal Remittance Notifications / CAPS are undertaken on a daily basis.	Medium	✓	PK/DG/ SGW	End April 22	no	Question daily requirement. Consider should be 2/3 times per week	Using spreadsheet maintained on all received applications awaiting validation in shared planning folder and update Uniform/Idox. Need to ensure DG/SGW have access to shared folder

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R4	It is essential that the Development Management & Conservation Manager completes monthly management checks to ensure planning fees are accounted for and the CAPS system is up to date and to confirm these reconciliations are taking place on a daily basis.	Medium	✓	PS	End April 22	no	Question daily requirement. Consider should be 2/3 times per week	none
R5	It would be prudent for the Development Management & Conservation Manager to document his monthly reconciliations to highlight any significant variances.	Medium	✓	PS	End May 22	no	no	none
R6	It is essential that cheques are banked on a weekly basis	Medium	✓	PK/DG/SGW	End April 22	no	no	none
R7	It is essential that the Development Management & Conservation Manager completes regular reconciliations between cashier's receipts and Unit4 to ensure planning income has been correctly coded	Medium	✓	PS but also PK/DG/SGW	End April 22	no	no	The two samples identified have now been correctly coded to Development Management.

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R8	As mentioned in the previous audit it would be prudent to review miscellaneous charges on a regular basis	Low	✓	PS/EB	End May 22	no	no	Need to agree charges for <ul style="list-style-type: none"> • Copy decisions • Copy applications (per paper size) • Hourly rate for officer time rather than self serve.

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Service Manager:		Date: 7 th April 2022
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