

## **AUDIT REPORT 23'010**

### **PLANNING FEES**

#### **Executive Summary**

The annual audit plan for 2022/23 provides for an audit review to be undertaken of the collection and accounting of planning fees income. Planning application fees are set for all Scottish Local Authorities by the Scottish Government (Town and Country Planning (Scotland) Regulations). A review of the Council's Financial Management System (FMS) noted a total of £833,000 of planning fees income received by the Council in 2021/22. In addition, the Council charges fees for related services, including pre-application advice, development enquiries, recovery of neighbour notification advertisements and non-material variation orders. The charges for these services are set locally as part of the Council's charging policy and approximately £132,000 was received in 2021/22.

The scope of this audit project was to evaluate the accounting arrangements for the collection and recording of planning income received. The audit checked that the correct fees had been charged, and testing was undertaken to confirm the accuracy, completeness and accountability for all income collected. The audit also included a check of the procedures for refunding fees to service users.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

The audit review found that overall effective administrative procedures are being followed. However, the following areas for improvement have been identified:-

- The processing of planning fee refunds does not follow the Council's Authorisation Policy. It was noted that there is no physical authorisation of individual refunds by the budget manager or from an approved authoriser. The use of electronic signatures and standard forms were used to process refunds to service users. All refunds must be authorised in accordance with the Council's Authorisation Policy.
- Examples were found where planning income received had been miscoded within the Financial Management System (FMS). This does not affect the accuracy of the total income recorded but does misstate the income detailed against individual fee classifications. Regular reviews should be undertaken of FMS to ensure income has been correctly coded. Any miscodings noted should be adjusted to ensure FMS accurately records income received.

## Recommendations

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> Processes are in place to separately and correctly identify different income sources for monitoring purposes.						
<b>5.01</b>	Consideration should be given to regularly reviewing the Financial Management System to ensure the coding of income reflects the category of planning fees being collected. Any miscodings should be moved to the correct financial code.	Low	Yes	Financial codings will be checked on a quarterly basis. Parties involved in taking payment for planning fees are to be reminded of the codes to use for accurate allocation.	Development Management & Building Standards Manager	31 July 2022
<b>Key Control:</b> Fees are only refunded in specific stated circumstances where no services have been provided and are appropriately authorised.						
<b>5.02</b>	All refunds should be authorised by the budget manager or other approved authoriser in line with the Council's Authorisation Policy.	Medium	Implemented	Practices have now been amended as a result of the audit recommendation and all refunds are being authorised by the budget manager in line with the Council's Authorisation Policy.	Development Management & Building Standards Manager	Implemented

## Appendix 4

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> Fees are fully and accurately recorded and are in line with budgetary expectations.						
<b>5.03</b>	Consideration should be given to undertaking regular reconciliations between the Uniform planning software application and the Council's Financial Management System to verify the accuracy of both databases. This exercise will also complement recommendation 5.01 to ensure the correct coding of planning fees income.	Low	Yes	Quarterly reconciliations are considered to be practical and able to be accommodated within resources available. Quarterly reconciliations will be undertaken by the Planning Technical Assistant with any errors identified reported to the budget manager.	Development Management & Building Standards Manager	31 July 2022